

R 145111

JPRS-SEA-84-062

27 April 1984

## Southeast Asia Report

Reproduced From  
Best Available Copy

19990929 112

DTIC QUALITY INSPECTED 2

**FBIS**

FOREIGN BROADCAST INFORMATION SERVICE

**DISTRIBUTION STATEMENT A**  
Approved for Public Release  
Distribution Unlimited

5  
80  
A05

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

27 April 1984

## SOUTHEAST ASIA REPORT

## CONTENTS

## AUSTRALIA

Draft Pro-Uranium Policy Divides ALP Factions (Wallace Brown; THE COURIER MAIL, 29 Mar 84) .....	1
Labor Union Dispute Widens, Spreads (Brendan Donohoe; THE AUSTRALIAN, 30 Mar 84) .....	2
Economic Policy, Offshore Banking Divides Hawke's Power Base (Amanda Buckley; THE SYDNEY MORNING HERALD, 2 Apr 84) .....	3
Resolution on Reconciliation With Aborigines Hailed (Editorial; THE AGE, 30 Mar 84) .....	5
Need To Keep Jakarta, Port Moresby at Peace Noted (Editorial; THE AGE, 2 Apr 84) .....	7
AGE Runs 'Extract' of Leaked Defense Document (THE AGE, 31 Mar 84) .....	9

## INDONESIA

Mochtar Discusses Australia, East Timor, Regional Problems (Mochtar Kusumaatmadja Interview; THE WEST AUSTRALIAN, 20 Feb 84) .....	15
Comment on \$750 Million Commercial Loan to Indonesia (Editorial; BUSINESS NEWS, 14 Mar 84) .....	17
Saburo Okita's Mission to Indonesia (Editorial; BUSINESS NEWS 14 Mar 84).....	20
Trade Relations With Vietnam Noted (BUSINESS NEWS, 14 Mar 84) .....	24

Briefs	
Tin Export Tax Abolition Proposed	26
Export Volume Up, Value Down	26
Imports Increasing	26
Shipbuilding Industry Capacity Increasing	27
Workers To Be Sent Abroad	27

## LAOS

Article Welcomes KPL-VNA-SPK Conference (Vientiane Domestic Service, 19 Mar 84) .....	28
Buddhist Bonze High School Set Up in Champassak (Vientiane Domestic Service, 19 Mar 84) .....	30

## NEW ZEALAND

Fisherman Claims Unidentified Submarine Snared (THE NEW ZEALAND HERALD, 23 Mar 84) .....	32
Union Leaders Threaten Strikes Over Pay Increase (THE EVENING POST, 26 Mar 84) .....	34
Trade Union Weaknesses Pose Problems for Labor Party (Tony Garnier; THE EVENING POST, 27 Mar 84) .....	35
'Think Big' Project Cost Hikes Seen Minimal (THE EVENING POST, 29 Mar 84) .....	37
Gross Domestic Product Falls (THE PRESS, 30 Mar 84) .....	38
Deputy Prime Minister Defends ANZUS Role (THE EVENING POST, 28 Mar 84) .....	39
Public Conference Planned to View ANZUS Role (THE EVENING POST, 30 Mar 84) .....	41
Union to Reassess FOL Affiliation, Cites Policy Dissatisfaction (John Parker; THE EVENING POST, 29 Mar 84) .....	42
Union Headquarters Bombing Prompts Concern (THE NEW ZEALAND HERALD, 28, 29 Mar 84) .....	43
Labor Party, Unions Comment 'Anti-Union Hostility' Cited	

## PHILIPPINES

Mindanao Civil-Military Relations Projects Reported (PEOPLE'S DAILY FORUM, 26 Mar 84) .....	47
--	----



Davao del Sur Provincial Chairman Assassinated (Max Robles, Mike Uy; PEOPLE'S DAILY FORUM, 28 Mar 84) ....	49
Good Cagayan de Oro Civil-Military Relations Found 'Queer' (Aurelio A. Pena; PEOPLE'S DAILY FORUM, 28 Mar 84) .....	51
Macapagal on President's 'Accusations' of Boycott, Subversive Links (BULLETIN TODAY, 30 Mar 84) .....	53
Business Editor: No Immediate Successor to Soriano (Bernardino Ronguillo; BULLETIN TODAY, 30 Mar 84) .....	55
Agrarian Reform Ministry Grants 233 Farmers Title Under PD 27 (BULLETIN TODAY, 30 Mar 84) .....	57
Manila Police Columnist on Bungled Dollar Smuggling (Ramon Tulfo; BULLETIN TODAY, 30 Mar 84) .....	58
Ver Considers Developing Locally Invented Submachinegun (PEOPLE'S DAILY FORUM, 26 Mar 84) .....	59
Further Reportage on Davao KBL, BIR, Private Sector Meeting (PEOPLE'S DAILY FORUM, 25 Mar 84) .....	60
BIR Official Clarifies Meeting, by N. Sumalinog COMELEC Sees Nothing Wrong	
Heavy Davao Registration Signals Boycott Failure (Editorial; PEOPLE'S DAILY FORUM, 25 Mar 84) .....	62
Davao Reports 'Flying Voters' Incident (Jun Atillo; PEOPLE'S DAILY FORUM, 26 Mar 84) .....	63
Briefs	
No Boycott Center in Davao	64
Muslims Laud Marcos Action	64

#### VIETNAM

#### INTERNATIONAL RELATIONS, TRADE AND AID

Workers Gain Training, Experience in Siberian Textile Plant (B. Sinyavskiy; SOVETSKAYA ROSSIYA, 18 Mar 84) .....	65
---	----

#### HEAVY INDUSTRY AND CONSTRUCTION

Pha Rung Shipyard Project Plagued With Delays, Cost Overruns (Anna Paljakka; HELSINGIN SANOMAT, 24 Mar 84) .....	67
---	----

DRAFT PRO-URANIUM POLICY DIVIDES ALP FACTIONS

Brisbane THE COURIER MAIL in English 29 Mar 84 p 3

[Article by Wallace Brown]

[Text]

THE uranium row within the Federal Government and the Australian Labor Party yesterday flared again.

The party's new Centre Left faction is likely to support a key controversial draft pro-uranium policy prepared by the Hawke Government.

This was strongly inferred by the Finance Minister, Mr Dawkins, in an address to the National Press Club.

He said the mining and export of uranium was "inevitable".

But the Left wing is incensed at what it regards as moves by the Government to pre-empt Labor's policy-making procedures.

The draft has been prepared by the Resources and Energy Minister, Senator Walsh, and is to be presented in July to the ALP national conference, the party's supreme policy-making body.

The significance of this is that Mr Dawkins and Senator Walsh, both West Australians, are major figures, along with the Foreign Minister, Mr Hayden, in the Centre Left group.

The Centre Left is expected to hold the balance of power between the party's Right wing and

the Socialist Left delegates at the conference.

If adopted at the conference, the draft would allow the Government to provide export licences to any uranium mine and the export of yellowcake under stringent nuclear non-proliferation conditions.

The Government would withhold uranium exports to countries which did not observe the non-proliferation safeguards.

It would continue to refuse to allow uranium to be supplied to France until France stopped nuclear weapons testing in the South Pacific.

It would support the research and development of promising technology for the handling and disposal of high-level nuclear wastes.

The draft would remove the existing policy commitment to phase out uranium mining in Australia.

At the last national conference in 1982, this condition was retained but an "each-way" amendment moved by the then Victorian secretary, Mr R. Hogg, made pro-

vision for the Roxby Downs mine in South Australia to proceed.

Mr Hogg is now a principal adviser to Mr Hawke.

Mr Dawkins said at the Press Club: "As seen in the party, it is no longer a question of complete cessation of mining and export.

"But rather it is seen as how best it might arrange for the inevitable continuing mining and export of uranium at some level, and that's the important question that has to be addressed."

Mr Dawkins said most West Australian delegates who supported the Hogg amendment in 1982 had been re-elected to attend this year's national conference.

"So I think in that sense, obviously the Centre Left or those associated with it will have a crucial say in determining the uranium issue."

However, some Centre Left MPs said they expected heavy pressure to be applied to them and they had made no pro-uranium commitment.

When the faction was formed recently, its members agreed it might be necessary to allow "free" votes on controversial issues — and this is certainly such an issue.

# LABOR UNION DISPUTE WIDENS, SPREADS

Canberra THE AUSTRALIAN in English 30 Mar 84 p 3

[Article by Brendan Donohoe]

[Text]

**A BITTER** demarcation dispute in the building industry is widening through NSW and spreading into Victoria.

The Builders Laborers Federation and other building and metal trades unions have taken entrenched battle positions over membership coverage in the volatile industry.

BLF bans have been imposed on NSW sites, mostly those of the Civil and Civic company, and similar bans are being imposed in Victoria.

The dispute is the latest in the protracted battle between the BLF and Australian Workers Union to gain coverage at the Alcan aluminium smelter site at Kurri, NSW.

Allco Steel gave coverage to the AWU to construct the third potline at the site. The BLF had coverage for the construction of the first two potlines.

In retaliation, the BLF placed bans on the State Bank project in Martin Place, Sydney, where Allco Steel has a contract.

The AWU hit back by banning concrete deliveries to the site and Civil and Civic stood down about 40 laborers and carpenters. In return, the BLF placed bans on more than 20

Civil and Civic sites and other unions claim the union is trying to claim work traditionally done by tradesmen.

The complicated dispute has involved the ACTU and the NSW Labor Council, which will hold a meeting of building and metal trades unions this afternoon. The BLF has been suspended from the council and will not attend.

The council has asked the ACTU to call a joint meeting with the Victorian Trades Hall Council to discuss the worsening situation.

The secretary of the NSW council, Mr John MacBean, said the dispute had involved every building union in the State.

The general secretary of the Building Workers Industrial Union, Mr Pat Clancy, said there were too many demarcation disputes and claims to list.

Last week the dispute went before the ACTU executive, which is considering calling an industry meeting.

## Dangerous

The NSW Secretary of the BLF, Mr Steve Black, warned the industry was moving to a "very dangerous" situation

when employers dictated which union should have coverage on a site, such as the Alcan smelter site.

Mr Black said employers were backing the right-wing AWU against the left-wing militant BLF in giving AWU members the jobs at the smelter.

The BLF was denied right of entry to the smelter site and Alcan had hired 24-hour security to keep out BLF officials.

The AWU had "stepped up" the dispute by banning concrete deliveries to the State Bank project. The BLF had told Civil and Civic that its members could supply concrete, but the contractor refused and stand downs followed.

"Because they stood down our members we have placed bans on other projects," Mr Black said.

The BLF would not back down on the issue.

ECONOMIC POLICY, OFFSHORE BANKING DIVIDES HAWKE'S POWER BASE

Sydney THE SYDNEY MORNING HERALD in English 2 Apr 84 p 1

[Article by Amanda Buckley]

[Text] Melbourne--Cracks are appearing in the factional power base of the Prime Minister, Mr Hawke, over proposed changes to the ALP's economic policy, and in particular over the possible entry of foreign banks into Australia.

Federal Parliamentary members of Mr Hawke's faction, the Victorian Centre Unity group, will meet in Canberra tomorrow morning to discuss key aspects of the party's economic policy.

The Minister for Employment and Industrial Relations, Mr Willis, a Victorian Centre Unity member, and author of the party's existing economic platform, has been invited to address the meeting. He has often opposed the strong pro-business, deregulatory line adopted by the Treasurer, Mr Keating, and Mr Hawke.

Mr Keating recently proposed major changes to the existing ALP economic platform in a draft policy submitted to the ALP Platform Committee working on policy changes to put to the party's national conference in July.

In particular, Mr Keating called for a liberalisation of restrictions on foreign bank entry and on foreign ownership of companies.

Significantly, during the Victorian State ALP conference at the weekend, the Centre Unity faction supported a motion by the left wing chairman of the Federal ALP Caucus Industry Committee, Dr Andrew Theophanous, to offer new banking licences only to domestic applicants.

Dr Theophanous's motion was in two parts. It said: "All issues pertaining to the deregulation of the Australian financial system should be referred to the Victorian Branch Economic Committee for a report at the June State conference. Conference requests that the Federal Government take no action in this area until the June State conference."

The second part said: "Conference supports the view that the Federal Government should offer new banking licences to domestic applicants, two of

which should be offered to a mixture of trade unions, credit unions and other community based organisations.

"A tripartite committee--involving government, employers--and unions should be established to examine other applications. The interstate trading rights of existing State Government-owned banks should be clarified and competition and diversity extended nationally by these banks."

Dr Theophanous's motion was seconded by the Centre Unity delegate, Mr Hugh McBride.

Dr Theophanous said he had received a letter, as had all Federal MPs, last Friday from the Australian Federation of Credit Unions, asking for the right of credit unions to apply for banking licences.

If Victorian Centre Unity members come out against the entry of foreign banks they may influence the decision to be taken at the national conference, although foreign bank entry is likely to be supported by NSW Centre Unity members.

The Federal Parliamentary Centre Unity Group, apart from Mr Hawke and Mr Willis, includes the Attorney General, Senator Evans, the Minister for Aboriginal Affairs, Mr Holding, Mr John Brumby, Mr Bob Chynoweth, Mrs Joan Child, Mr Barry Cunningham, Mr Alan Griffiths, Mr David Charles and Senator Robert Ray.

CSO: 4200/666

RESOLUTION ON RECONCILIATION WITH ABORIGINES HAILED

Melbourne THE AGE in English 30 Mar 84 p 13

[Editorial: "Towards a Reconciliation"]

[Text] Within Australia there is another country where the culture, traditions and languages are different, where people suffer more from disease, are educationally deprived, more likely to be unemployed and to live shorter lives. Black Australia is a disparate collection of communities and individuals, some living in near total isolation, some on the fringes of country towns, some in urban ghettos, some making it in mainstream Australia. Black Australia is not a separate nation and cannot be. The forces of history have seen to that. Yet this year, 196 years after European settlement, there are decisions to be made on the place of black Australians within the wider nation, on the degree of control they have over their lives and on the manner in which grave historical and continuing injustices will be righted. Soon, Federal Parliament will debate a resolution which the Minister for Aboriginal Affairs, Mr Holding, hopes will establish the basis for a charter "for a new phase in black and white relationships in this country." Calling on the symbolism of 1988, the 200th anniversary of the beginnings of the modern Australian nation, Mr Holding is urging a true reconciliation between white Australians and the Aboriginal dispossessed. For white Australians, the first step must be the recognition of the truth about the founding of their nation: it was frequently a brutal and bloody affair. The so-called boon of British civilisation, British justice and Christianity meant for Aborigines the devastation of an ancient but vital civilisation, the denial of any rights to a land that had been Aboriginal domain for 40,000 years and a concerted attack on the Dreaming, the complex system of ritual, laws and beliefs which had underpinned the society down the ages.

The resolution begins with the acknowledgement that "the people whose descendants are now known as the Aboriginal and Torres Strait Island people of Australia were the prior occupiers and original owners of Australia and had occupied the territory of Australia for many thousands of years in accordance with an Aboriginal system of laws which determined the relationship of Aboriginal responsibility for and to the land to which they belonged." It says that from the time of arrival of representatives of King George III of Britain and the subsequent conquest of the land and the subjugation of the Aboriginal people, no settlement was concluded between those

representatives and the Aboriginal and Torres Strait Islander people. To argue, as Mr Holding does, that it is essential that a settlement be made now is not to argue for a guilt-ridden trip to the past. The injustice done in those early days still persists, the effects of dispossession are still felt. There are people who can still identify the spot where their fathers--or mothers--died during the last of the punitive expeditions in the 1920s; people who can remember being physically wrenched away from their parents; people suffering the extremes of social disadvantage; people who had found some refuge on traditional land because it was too poor for sheep and cattle, now being battered by the mining invasion; babies being born on this day who will be four times more likely than a white child to die before the age of one, 20 times more likely to have a chronic upper respiratory tract infection, 25 times more likely to have trachoma.

Then there is the moral dimension. Can a nation subject to such yacht-led outbursts of pride, so hungry for gold, so properly admiring of the achievements of scientists and sopranos, in conscience ignore the fact that its foundations rest, in part, on the misery of another people? The resolution calls for recognition by Parliament of the Aboriginal and Torres Strait Islander people's rights to land in accordance with five basic principles: Aboriginal land to be held under inalienable freehold title; protection of Aboriginal sites; Aboriginal control in relation to mining on Aboriginal land; access to mining royalty equivalents; compensation for lost land to be negotiated. It also calls for, among other things, the continuation and acceleration of programs designed to ensure Aboriginal equality of opportunity in health, education, housing, employment and welfare. The aims of the resolution are admirable but there is a daunting mountain of work to do to give them shape. And it is how the reconciliation is made which is as important as the terms of it. For Aborigines, the past 196 years have been, basically, a lesson in powerlessness. After the oppression came paternalism. The resolution takes account of this, saying that special measures must be taken to develop effective processes of consultation so that Aboriginal people might assert control over all aspects of their lives.

Our recent series on Black Australia established that the machinery for consultation is at present most inadequate. Reform of the National Aboriginal Conference is essential, perhaps on the pattern suggested by Dr H. C. Coombs in a discussion paper, with the marrying of an elected body with representatives of grass-roots Aboriginal organisations. The reconciliation will be ill-based if, even with good intentions, white Australia does what it thinks is best for Aborigines. And to act on the basis of what at least some Aborigines want will require self-examination, understanding and maturity from white Australia. At one end of the spectrum are the Yolnggus of north-eastern Arnhem Land who say: "Only we Yolnggus are going to be around here, we the land owners, only us Yolnggus. Our gathus are going to grow up, the little kids, they are going to learn our culture, the manikays, the bunguls, the madeyin, we are not going to become balandhas (white)." At the other end are Aborigines who just want the opportunity to live and compete, on equal terms, in mainstream Australia. An act of true reconciliation will run up against State rights, selfishness, ethnocentricity and legitimate concerns. It will be a high challenge, but the nation will be better for facing it.



NEED TO KEEP JAKARTA, PORT MORESBY AT PEACE NOTED

Melbourne THE AGE in English 2 Apr 84 p 13

[Editorial: "More Trouble to the North"]

[Text] The Indonesian Government once again is in danger of provoking a dangerous deterioration in relations with one of its neighbors. This time, the concern involves an incursion into Papua New Guinea air space of two fighter aircraft almost certainly belonging to the Indonesian air force. It is not possible to be sure about their identity because the authorities in Jakarta, with an apparent casualness that has become customary in matters of this nature, seem reluctant to treat the protests from Port Moresby with the sense of seriousness and priority that they demand and deserve. What should be quite clear to the Suharto Government is that last week's affair on the Irian Jaya border is no isolated incident. It follows a long line of occurrences which could be described charitably as congenital clumsiness on the part of a nation which has yet to develop the diplomatic sophistication required for peaceful co-existence in South-East Asia and uncharitably as the acts of a country prepared to risk the development of a state of war. For let there be no mistake about it: the imperatives of international behavior insist that apologies are required when foreign territory is violated, accidentally or otherwise. Indonesia, however, has chosen to fudge the issue, a source of considerable anguish to a Papua New Guinea Government that has devoted much time and effort to the creation of sounder relations with Jakarta.

Indeed, the Papua New Guinea Prime Minister, Mr Somare, has conducted himself with the utmost discretion and patience in the face of demands within his Government for stiffer measures to be taken against Indonesia. He may not be able to do so for much longer in a region where memories of the Malaysia confrontation, the Irian Jaya takeover and the occupation of East Timor are clear, and where it is now plain that foreign opinion counts for little in Jakarta. For Australia in particular, most recently the disappointed partner in an attempt last year by the Hawke Government to place its own relationship with Indonesia on a sounder footing, one of the regional priorities must be to keep its two northern neighbors at peace. At the end of the day, however, no Australian Government needs reminding of the special relationship that exists between Canberra and its former administrative responsibility, a link which means that Australia is bound to guarantee the integrity of Papua



New Guinea's border with Irian Jaya. For the moment, as tempers cool, it becomes necessary once again to remind the Indonesian Government of the need for continuous attention to be paid to the conventions of international conduct. It is in no one's interests for an artificial territorial dispute, with a few hundred refugees as the potential pawns, to grow into the kind of dispute that throughout modern history has been a fundamental cause of conflict between neighbors.

CSO: 4200/666

AGE RUNS 'EXTRACT' OF LEAKED DEFENSE DOCUMENT

Melbourne THE AGE in English 31 Mar 84 p 18

["Edited extract" of the "Strategic Basis of Australian Defense Policy," previously published in the NATIONAL TIMES: "Inside Australian Defense Thinking"]

[Text] The Balance of Power

Significant elements of instability in the relationship between the US and the USSR heighten a sense of uncertainty and risk, even though nuclear conflict still can be seen as improbable. Initially greatly inferior in nuclear armament, the USSR, by its own sustained efforts and aided by the relative US neglect of US nuclear forces, has achieved superiority in the critical area of ICBMs and intermediate nuclear forces which is not fully compensated by US maritime and air forces.

The USSR is not seen as planning to use its land-based superiority for military conquest, since the US response with its bomber and submarine forces, though not fully countering a Soviet preemptive attack, could still be unacceptably damaging. Nevertheless, US strategic planners must calculate that in a full nuclear exchange the USSR could have the final advantage in terms of survival at some level short of national extinction.

Perceived Soviet strategic superiority and US vulnerability can undermine US credibility and influence, and advantage the USSR in political confrontations. US resolution and capacity in some regional crisis could be affected by its own and others' reluctance to allow a local confrontation with the USSR, or risks thereof, to be handled on the basis of ultimate Soviet fear of escalation to the nuclear dimension.

The ability and resolve of the US to maintain effective strategic competition with the USSR is of fundamental importance for Australia's security.

Support for Deterrence

Australia, as a non-nuclear power, cannot contribute directly to US nuclear deterrent capability. However, we contribute indirectly to the US strategic effort through the maintenance in Australia of defence-related facilities--particularly communications for the USN's SSBN deterrent force, and the

important facilities at Pine Gap and Nurrangar. We also contribute to Western efforts by our diplomatic activity in disarmament and arms control forums.

We support the US deterrent effort indirectly also by providing staging facilities for USAF aircraft, by occasional provision of training areas in Australia for use by US forces and through the use of Australian port facilities by USN warships, including nuclear-powered vessels.

We do not know how the USSR regards the joint US-Australian defence-related facilities in Australia and, if it targets them, we do not know what priority they would have. It would be prudent to assume that the facilities would be seen by the USSR to be directly assisting the US and might be attacked in a super-power nuclear exchange.

However, the risks should not prevent Australia from continuing to support the US deterrent posture to reduce the risk of nuclear conflict.

#### Nuclear Proliferation

Nuclear proliferation in Australia's neighborhood would significantly alter our security circumstances.

Developments relating to nuclear capability in countries within Australia's neighborhood should be monitored in order to ensure that the lead time for Australia could be matched with developments in other countries should Government so decide.

#### Regional Concerns

Europe holds a greater degree of risk of global war than any other region.

Deterrence must be based primarily on the reduction by political policies of opportunity and advantage to the USSR.

Australia provides support for the deterrent posture of the West by provision of Australian port facilities to USN vessels deployed in the Indian Ocean; by maritime surveillance; by provision of staging facilities at Darwin for B-52 aircraft engaged in surveillance of the Indian Ocean; and periodic Australian naval deployments in the area, as resources and other commitments permit. During these RAN deployments, RAN vessels are under the operational control of the USN when on station but otherwise have an independent national role.

#### China

China's confrontation with the USSR, and the overlapping strategic interests it thus shares with the US, are significant factors in the global strategic balance and can be expected to underpin a stable regional balance of power at least through the 1980s.

## Japan

Australia should not encourage the extension of Japanese defence activity into our region. There is a risk of displacement, rather than supplementation, of the US military presence there and it is likely to arouse the opposition of the ASEAN nations who accept that Western military presence in the area is presently not accompanied by any ambition for political dominance.

## Korea

The risk of major conflict with little warning is higher in Korea than anywhere else in North-East Asia. Because conflict there would risk involving the US, the USSR and China, all three have a strong interest in avoiding it, and they are likely to continue to use their influence to restrain and deter it.

Military commitment by Australia can gain credit with the US. But the significance of that credit is to be measured against the full range of national interests involved for both nations. For Australia, these considerations include its military posture in its own region and its political standing as a nation of substance in its own right, seen to be making its own decisions.

To the extent that involvement was perceived to be at variance with Australia's national interests, there could be domestic dissension. This in turn could weaken public acceptance of forms of cooperation with the US which were of defence importance.

## The United States

Our defence activity in South-East Asia is an important element in the US evaluation of Australia's strategic importance.

It is important to understand the value to the US of its interests in South-East Asia, for this would be a large influence in shaping US policy should dispute one day develop between Australia and the region--in particular Indonesia. US alliance obligations to Australia are likely to lead it to influence Australia towards handling a regional dispute in a way that would avoid difficulty for the US, and certainly US confrontation with regional powers.

## The USSR

Continuing Soviet access to air and maritime facilities in Vietnam must be a cause for concern for Australian defence policy.

That access, its support for Vietnam in Vietnam's confrontation with China, its subsidisation of Vietnamese occupation of Cambodia and its attempts to establish its own independent role in that country and Laos are all inimical to Australia's long-term strategic interests.

## Malaysia and Singapore

In a time of tension between Australia and Indonesia, there would be real doubt about Malaysia's willingness to compromise its position with its ASEAN neighbors by agreeing to Australian use of Butterworth aircraft in relation to Indonesia. Moreover, the unlikely possibility of their being available from Butterworth would not compensate for the absence from Australia of the large portion of our tactical fighter force.

## Indonesia

Relations with Indonesia, primarily because of the Timor issue and Australian criticism of internal Indonesian politics (projected notably by Radio Australia), are less easy than with other ASEAN countries. The Office of National Assessments finds that Indonesian policy will remain directed towards maintaining a sound and stable relationship with Australia, PNG and the countries of the South-West Pacific.

That policy could change in the unlikely event of a breakdown of security within Indonesia or in the equally unlikely event of a return to a period of Sukarnoist adventurism or should severe political tension with Australia develop over some issue.

Differences over Timor still have significant implications for both countries; they continue to be an impediment to improved relations and any exacerbation of those differences would lead to a deterioration of relations. In addition, Indonesia's size, its demonstrated willingness to use force to pursue major objectives, and its expectation of leadership status in ASEAN, induce a certain uneasiness.

If its policy were to change, assessment indicates that expansion of its armed forces to a modern conventional defence force, including large quantities of high-performance, high-technology weapons systems capable of being effective operationally, and of mounting a sustained level of intensive joint operations against Australia, would require massive external support and at least 10 years to complete.

Indonesia's access to advanced defence equipment is of continuing interest to Australia. In relation to supply from the US, it is important that we retain the status at least to comment in Washington on any moves that we consider to be detrimental to our security.

## Papua New Guinea

If Indonesia were to exercise dominant influence over, or gain control of PNG, the range of issues over which differences between Australia and PNG could arise would be considerably extended, and there would be increased uncertainty in our strategic prospects.

PNG's border with Indonesia remains a particularly sensitive element in relations between the two countries. It has been marked at intervals, but

movement across the border is generally not controlled, and dissident elements in Irian Jaya (the Free Papua Movement--OPM) have crossed from time to time in PNG. There have been minor incursions by Indonesian troops and aircraft in pursuit, involving a risk of clashes with PNG authorities.

The principal requirement for improving the situation on the border is that PNG accept the importance of a firmer policy to control activities on its territory which can provoke Indonesian incursions. Australian policy should encourage PNG to take action wherever possible to suppress anti-Indonesian activity by Irian Jaya dissidents and progressively to develop the PNG official presence in the border region. At the same time there is a need for Australia to be prepared to discourage aggressive Indonesian behavior.

Should a substantial incursion occur, the PNG defence force would have a very limited ability to respond.

PNG would have strong expectations of support and Australian public opinion could be expected to be favorable. Australia's credibility in the South-West Pacific and South-East Asia could be damaged if we failed to act effectively.

#### South Pacific

In the broadest sense, it is in Australia's interests to encourage a sense of strategic community between the independent States in the area and the ANZUS allies and to support this by practical programs of cooperation in defence and security-related matters.

#### The Defence of Australia

Indonesia already has capacity for such attack at low level against the north and north-west. Its present capacity for such attacks on a limited scale is expected to continue to grow.

Australian policy for some years has recognised that the threshold of direct US combat involvement could be quite high, and circumstances at the time could significantly limit US willingness or ability to help Australia in other ways. While working to maximise the prospect of US support in any national defence emergency, Australian Governments have, therefore, required clear priority to be given to the development of capacity to conduct and support military operations for the independent defence of Australia.

In a campaign of harassment of Australia, Australian territories at Christmas Island and the Cocos Islands could be favored targets. Both islands are much closer to the archipelago than to Australia and, while they continue undefended, it could seem feasible to an Indonesian Government, even with such limited military capabilities as at present, suddenly to seize either or both islands, should it see value in such a dramatic and challenging gesture.

Once taken, and were the Indonesians able to achieve a logistic build-up, the islands could be difficult to retake and to attempt to do so could place important high-capability Australian military assets at risk in a situation that would favor Indonesia.

The defence policies of Australian Governments have already recognised that we cannot rely upon US support in a defence emergency arising within our own neighborhood but must develop our capacities to defend our interests by ourselves--even though the neighborhood contingencies discussed in this section are at present assessed at improbable.

Neighborhood contingencies might now be seen as remote. Should they develop, however, we would face defence problems of grave dimensions.

CSO: 4200/666

MOCHTAR DISCUSSES AUSTRALIA, EAST TIMOR, REGIONAL PROBLEMS

Perth THE WEST AUSTRALIAN in English 20 Feb 84 p 9

[Interview with Foreign Minister Mochtar Kusumaatmadja by Leigh MacKay;  
date, place not given]

[Text]

**Q:** You recently described Indonesian-Australian relations as sound. Is East Timor less of a stumbling block to relations than previously, despite skirmishes between Fretilin and Indonesian troops and official ALP support for East Timorese independence?

**A:** I certainly hope so. We understand the concern in some quarters on the situation in East Timor. It is a concern which is in the tradition of the Labor Party and as such is understandable. That's why we have tried to be helpful, meet you half-way in clarifying the matter. I think that after Mr Morrison's trip, there is a better understanding. (ALP backbencher Mr Bill Morrison led the five-man parliamentary delegation to East Timor last July).

**Q:** Has the Hawke government indicated that the ALP is likely to alter its East Timor policy in favour of the status quo?

**A:** All I have to go on are the press state-

ments and they are only an indication that there may be a more favourable position on this by the party. But we have to await the party congress (in July) to be sure about it.

## Portugal

**Q:** Portugal traditionally sponsors United Nations resolutions against Indonesia's annexation of the territory in 1976, but it had the vote postponed last year. Has Portugal indicated it will now abandon the issue?

**A:** I hope the new Portuguese Government, being a socialist government, would be more inclined to put an end to this matter by approaching us.

**Q:** What has been the fate of ASEAN's six-month-old "appeal" for a territory-by-territory withdrawal of Vietnamese troops from Kampuchea followed by free elections?

**A:** The basis for any fruitful discussion between Vietnam and

ASEAN on Kampuchea is still the ASEAN appeal. If Vietnam cannot accept it as it stands, it should indicate what it wants included. Then the dialogue will be on.

**Q:** Has there been any Vietnamese response to the appeal?

**A:** Not a public one, but privately it was indicated that the objection was the reference to the U.N. (as supervising a troop withdrawal). We are quite willing to phrase it in another way, make it more general.

**Q:** What is your analysis of the recent communist from Vietnam, Laos and the Heng Samrin government of Kampuchea for talks on a broad agenda of regional problems including Kampuchea?

**A:** It is just a reiteration of an analysis of previous communiques. Obviously they studiously ignore the Kampuchean question, which in ASEAN's view is the crux of the South-East Asian situation.

We in ASEAN consider a solution of the Kampuchean question as a test of goodwill and very important for further discussions on the situation in the region.

**Q:** How will Kampuchea figure in your visit to Moscow in early April, and have you any particular proposal to put on the issue, since Moscow arms and supports Vietnam?

**A:** It will figure very prominently on the agenda. The proposal of course is still the ASEAN appeal. I am going to see whether the Russians would be for or against a peaceful settlement to the Kampuchea question, or whether they would encourage a political settlement in general.

You see — and here comes the positive aspect of the recent Indo-China communique — there is a definite change from a former statement by Vietnam that the situation in Kampuchea is irreversible or that they are going to be there until hell freezes over. To the contrary there is now



an indication of a willingness to settle the problem.

But the basis for the settlement is still the recognition of the status quo. So on substance there's not much change, but I think in the attitude there is a slight change.

**Q:** Given Vietnam's suspicion of China and of Pol Pot's Khmer Rouge as a client of China, should Peking be brought into a political settlement?

**A:** Not necessarily in the first stage of discussion. As for Pol Pot, neither does ASEAN want Pol Pot back, but it is really a matter for the Kampucheans to decide. And I think the general feeling is that Pol Pot is not welcome.

It's true that the appeal does not make a direct reference to the Kampucheans, either the factions in Prince Sihanouk's Democratic Kampuchean Coalition (which includes the Khmer Rouge) or to Heng Samrin (installed in Kampuchea by Vietnam), because the appeal tries to lay the foundations or framework of the settlement.

**Q:** Sihanouk is calling for direct talks with Vietnam, so should the coalition be part of pre-settlement talks?

**A:** We did not envisage that when we drafted the appeal. But of course there is no way we can prevent Sihanouk from directly approaching the Vietnamese or vice-versa. In fact, I think it would help the process. It (Sihanouk's coalition) is recognised by the U.N. as the legitimate government of democratic Kampuchea.

## Indonesia

**Q:** Is Indonesia alarmed by Washing-

ton's moves to enable Japan and, according to some observers, China, to achieve the military strength to guarantee security in South-East Asia?

**A:** As far as Japan is concerned, we have been given assurances and explanations, and I think they have gone a long way to allay our fears. It is no longer a problem.

I'm not aware that the same proposals have been made to China. I am aware that U.S. restrictions on some categories of exports to China have been lifted. We have also noticed that there hasn't been much of a response on the Chinese side for military hardware, so we are not unduly alarmed.

**Q:** You have often advocated an Australia-Japan-ASEAN economic triangle rather than, say, ASEAN-Pacific basin co-operation.

**A:** We are not against Pacific cooperation, but we want to approach it through the strengthening of ASEAN. There is already co-operation through the dialogues ASEAN is having with various Pacific countries — Japan, Australia, New Zealand, Canada, the United States.

Now, why am I advocating a triangle of which Japan-ASEAN co-operation is one side? Because we are complementary, we need each other.

ASEAN is a fairly large market, it has a lot of raw materials which Japan needs, including energy. Although ASEAN provides at most 30 per cent of Japan's oil and gas, it's a critical percentage.

Another important consideration is that the ASEAN countries

lie astride sea lanes through which Japan's energy supply runs. This makes ASEAN a natural partner for Japan.

History has also shown that while Japan and the U.S., or Japan and China are close friends, they also have the potential to be great competitors, and there are already some trade difficulties.

## Temptation

Of course there is a great temptation for Japan to develop relations with China. But China does not have all the raw materials that Japan needs. And when China is strong, you have the potential of rivalry again, whereas I can't see South-East Asia at some point endangering Japan.

Why do I include Australia — and here I mean that part of the Pacific, Australia, New Zealand and the Pacific Islands? Because Australia with the ASEAN region combined is in a position to provide Japanese industry with practically everything it needs. Minerals, energy, you name it. On the other hand Japan has the technology and industry.

**Q:** But wouldn't ASEAN and Australia be rivals, as would members of ASEAN with each other?

**A:** No. We don't have the same raw materials Australia does. You have diamonds, iron, coal in big quantities and of a different quality from ours. ASEAN members' own products, (tin, rubber, oil) have different markets.

**Q:** Are Indonesia and ASEAN concerned about developments in the Pacific region, such as Vanuatu's diplomatic links with Cuba?

**A:** It would be wise to watch development there, but to say "concern" may be a little too strongly put.

**Q:** What of Soviet or Chinese influences in the Pacific?

**A:** That we would rather leave to the Australians and New Zealanders who are right there.

**Q:** But you visited the Islands yourself last year and have had a few return visits. Why then is Indonesia putting diplomatic effort into the South Pacific?

**A:** For the simple reason that we have rather neglected that area and it has been courted, so to speak, by our adversaries. We found to our consternation that they had been given quite a distorted picture of Indonesia by these Fretilin spokesmen. They went around saying we were expansionist and dangerous and aggressive. And even in Papua New Guinea until quite recently that picture still remained.

That was perhaps an impression made by the previous government of Sukarno, but these memories still linger. We tried to tell these people that President Suharto and his policies are quite different.

COMMENT ON \$750 MILLION COMMERCIAL LOAN TO INDONESIA

Jakarta BUSINESS NEWS in English 14 Mar 84 p 2

[Editorial: "Consortium Loans Worth US\$ 750 Million"]

[Text]

Governor of Bank Indonesia Dr. Arifin Si-regar on March 12 in New York signed a consortium agreement involving US\$ 750 million worth of loans to be provided by 70 banks. The "Kompas" daily carrying the news reports that of the amount, US\$ 600 million will be subject to 3/4% interest above LIBOR, while US\$ 150 million will bear 0.2% interest above the US prime rate.

The BI governor told the daily that the loan offer originally involved only US\$ 500 million, but later it rose to US\$ 800 million. The government, however, finally decided to borrow only US\$ 750 million, because it sticks to the general strategy that commercial loans are only received according to necessity — especially to promote non-oil/gas exports — while emphasis is placed on soft loans from IGGI. Besides, the government last year already borrowed US\$ 2.2 billion under commercial terms, of which about 20% or US\$ 440 million is not used yet. Based on last year's provisions the loans in fact must be used within three years. For the consortium loans this time, the period of use covers two years.

The consortium loans are for eight years, equal to the "jumbo loans" last year. But the grace period this time is 4½ years, as against 5 years for the jumbo. So the time for payment

of instalments and interest is now  $3\frac{1}{2}$  years, compared with 3 years for the jumbo.

The government policy to receive commercial loans within limits of really urgent needs seems to be most appropriate. Because the interest on such commercial credits is big though the terms granted to Indonesia are already softer than those to be borne by other developing nations. However, with the ever tightening condition of the overseas capital market and the growing reluctance on the part of foreign banks to provide loans for the developing world, the terms now offered are slightly tougher than what Indonesia could enjoy in previous years. In the past the spread of interest with LIBOR could be  $\frac{1}{2}\%$  and once even smaller.

We have reason to be gratified that the international banking system apparently still has fairly great confidence in the economic situation and policy in Indonesia so that such soft commercial loans can be obtained. This confidence can also be concluded from the additional loans offered, from US\$ 500 million at first to US\$ 800 million later on. Furthermore, as disclosed by the BI governor, the number of banks joining the consortium this time is far bigger than originally registered or than the total ever providing loans for Indonesia. Banks that previously were not included in the consortium later requested to join. This is regarded as an indication that Indonesia still enjoys confidence from these banks. It is therefore expected that Indonesia will not experience great difficulty if some day it needs additional loans from the international banks for a specific purpose.

On the other hand, against such reasonable gratification we should also be always aware that our foreign debt standing has now begun to reach a level necessitating us to act more cautiously. Fortunately this condition is already fully realised by the government as can be seen from the projections contained in Repelita IV. From the first year of Repelita IV, the payment of interest on government debts for instance, exceeds the payment

of instalments, and the difference increases each year. As a result, the total that remains from new loans will also be reduced if we calculate it with debt instalments and interest yet to be paid. Hence the BI governor has very rightly pointed out, that the government only borrows within limits of really urgent needs.

Jakarta, March 13, 1984

CSO: 4200/661

SABURO OKITA'S MISSION TO INDONESIA

Jakarta BUSINESS NEWS in English 14 Mar 84 pp 3, 4

[Editorial II: "Saburo Okita's Mission to Indonesia"]

[Text]

The government was last week pre-occupied with the visit of a Japanese government mission led by Dr. Saburo Okita, the former minister of foreign affairs. The mission had talks with Indonesian leaders on the extent to which Japan can assist Indonesia in the implementation of Repelita IV. It was the second visit of Dr. Okita for the same purpose. In the first visit he came here on his own for an informal exploration. Most Indonesian officials and economists are well familiar with Okita, who has shown his sympathy to the New Order since the outset of this administration. So all his views are usually taken as those coming from a close friend.

Japan-Indonesia economic relations are generally running well, especially in the sector of official aid. Japan has the biggest share of around US\$ 300 million per annum in IGGI loans.

Japan's private capital investments in Indonesia are also very big, particularly in the industrial sector. Japanese investments in this country, cumulatively reaching about US\$ 5 billion, rank second after its capital flow to the U.S. It may just be owing to the big Japanese capital investments and the concentration in one important sector, i.e. industry, that sensitivity is apt to arise. For instance,

complaints have often been heard that Japanese foreign investments are slow in the transfer of technology and process of Indonesianisation; also that they have too many non-indigenous partners. In general the Japanese side is aware of such complaints and tries to give a positive response, though the Japanese attitude is conservative and cautious, so that settlement does not seem to make rapid progress.

Upon entering Repelita IV, Japan would like to adjust its assistance to Indonesia's development needs in the future.

Dialogues between government circles (the President, Bappenas, ministers, and so forth) and delegates of donor countries are useful for both parties. The donors can adjust their aid to Indonesian needs, and the Indonesian government can have their views and proposals concerning development plans and economic management in general. Such external responses are always of great benefit, unless they are too patronizing, because the government's way of thinking is compared with other approaches. Repelita IV schemes for instance, contain many targets that are not so consistent with one another. If (respectable) foreign personalities raise some critical questions, they are frequently more acceptable to the government than the same criticisms coming from domestic circles considered to be of inferior standing.

The Japanese government has frequently been criticized with regard to the pattern of its assistance to such a country as Indonesia, also by the Japanese circles themselves. For example, it has been criticized that projects of Japanese aid are highly composed of big undertakings that fail to involve and improve the livelihood of the public at large and the common people, e.g. the Asahan project and the huge dam of Brantas. Though such criticisms can be refuted, Japan also wants to complement its projects and aid targets so as to reach the greater part of society in a more direct manner. The performance of Japanese aid projects are supposed to be improved.

For instance, Japan is interested to provide a lot more aid in education & skill training, also in the development of management, and other goals of human resources development. Japan would like to allocate a certain amount of funds to the private sector to meet capital needs as well, by way of two-step development loans through the banking system (DLBS), meaning that credits are first loaned to domestic development banks and these banks pass them on to finance their clients.

In Repelita IV the target of boosting non-oil/gas exports constitutes an important national program. Japan is also expected to help Indonesia realise this, so that more non-oil/gas exports can enter the Japanese market. Technical aid for product development, adjustment to Japanese standards, and so forth, is expected to come from Japan, with Japanese government facilities.

If foreign capital investments are still much invited in Repelita IV to cover the investment shortage, then the flow from Japan should also be maintained. Japan already constitutes a major capital exporter, because its domestic savings exceed the amount of domestic investments. A great deal of this capital is now flowing into the US, due to the high rate of interest, and because Japan feels compelled to set up plants there to ensure the absorption of Japanese products. Part of this capital can be drawn into Southeast Asia. However, the flow of Japanese investments to Southeast Asia, and Indonesia, has been declining over the last few years, because of the improving investment climate in the US and Europe. So if Indonesia wants to draw a lot more foreign capital investments, the climate should also be made more appealing.

Foreign investors have of late shown their anxiety, which was also mentioned in the address of Japanese Ambassador

Toshio Yamasaki at a LIPI seminar here last week. The business climate is felt by these investors as getting tougher, for instance, against the employment of foreign personnel, the abolition of fiscal incentives, and the like. Indonesia certainly has the sovereign power to adopt any policy it deems necessary, against foreign interests. But if we realise that Indonesia still needs a great deal of foreign assistance in Repelita IV to meet two major necessities, viz. investments funds and non-oil/gas export markets, especially in these two areas we should be capable of benefitting from offers and preparedness indicated by foreign parties. They naturally will gain profits for themselves, but in the same way we will get our share.

Jakarta, March 10, 1984.

CSO: 4200/661



## TRADE RELATIONS WITH VIETNAM NOTED

Jakarta BUSINESS NEWS in English 14 Mar 84 p 7

[Text] Diplomatic relations between Indonesia and Vietnam have been established based on the ambassadorial level with Indonesian and Vietnamese embassies respectively located in Hanoi and Jakarta.

No special trade agreement between the two countries has been signed so far; therefore, bilateral trade activities have been running based on the existing rules in the respective countries.

The volume of trade between the two countries is still relatively small, recorded at around 10,000 tons/year worth about US\$ 4 million. Indonesia's exports to Vietnam are always smaller in volume and value, compared with Vietnam's exports to Indonesia.

The balance of trade between Indonesia and Vietnam has since 1975 showed deficits for Indonesia. Since 1981, Indonesia has even exported nothing to Vietnam.

The balance of trade between the two countries from 1975 to 1983 is as follows:

Year	Exports		Imports		Balance for Ind. (US\$)
	Volume (kg)	FOB Value (US\$)	Volume (kg)	FOB Value (US\$)	
1975	100	3,500	9,411,000	1,042,000	- 1,038,500
1976	0	0	10,974,360	4,253,092	- 4,253,092
1977	1,000	175,000	13,685,500	4,218,840	- 4,043,840
1978	10,000,000	1,280,000	6,411,570	1,691,975	- 444,975
1979	0	0	4,496,074	1,505,092	- 1,505,092
1980	1,150	13,920	177,720	135,756	- 121,836
1981	0	0	486,967	1,757,485	- 1,757,485
1982	0	0	7,436,629	4,392,732	- 4,392,732
1983 (Jan-July)	0	0	3,831,306	1,917,130	- 1,917,130

Source: BPS (Central Bureau of Statistics)

Indonesia has exported several commodities to Vietnam irregularly. Indonesia's exports to Vietnam consisted of only quinine in 1977 and only urea in 1978. In 1980, Indonesia exported handicraft products and motorcycle spare parts to Vietnam.

Vietnam's exports to Indonesia, which have been running regularly, involve around 20 commodities, such as agricultural products and machinery spare parts.

CSO: 4200/661

## BRIEFS

TIN EXPORT TAX ABOLITION PROPOSED--Jakarta--PT. Tambang Timah, state-run tin mining company, has proposed the abolition of tax on tin exports, as the company has to adjust its production to quota imposed on its tin exports. The imposition of export quota has caused the company to operate below its normal capacity, causing the company to face difficulty in its financial condition, especially in connection with the continued increase in the cost of production. The collection of tax from tin exports can be resumed when the tin price has increased, the proposal says. The tin price is at present as high as the floor price (M\$.29.15/kg or US\$ 12,450/ton), and in London the price has even fallen to US\$ 12,250/ton. Tin smuggling, the release of tin stock by the GSA (U.S.) and the increase of the tin production in non-ITC tin producing countries such as Brazil have made the imposition of quota less effective. The spokesman of PT Tambang Timah said recently that with the increase of the fuel oil price, the company would suffer losses of around Rp 17 billion this year. Therefore, the abolition of export tax has been proposed, as the government has abolished export tax on bauxite and nickel. Indonesia's tin export stood at 1,833 tons worth US\$ 21,857,630 in January 1984. The tin exports were recorded at 25,961 tons worth US\$ 321,683,814 in 1983, showing a decline compared with 27,902 tons valued at US\$ 356,602,064 in 1982. [Text] [Jakarta BUSINESS NEWS in English 14 Mar 84 p 5]

EXPORT VOLUME UP, VALUE DOWN--Jakarta--Indonesia's exports of various commodities, including oil and gas, were up in volume by around 8.44 percent to 95,781,700 tons in the first 11 months of 1983 from 88,329,100 tons in the corresponding period in 1982, but decreased by 3.20 percent in value from US\$ 20,011.1 million to US\$ 19,370.9 million in the same period, according to data collected by BPS (Central Bureau of Statistics). The decline in the overall export value was due to mainly the decrease in revenue derived from oil and natural gas exports, as a result of the fall in the oil price from US\$ 34 to US\$ 29 per barrel in the period of January to November 1983. But on the contrary, the export value of non-oil/non-gas commodities was up by 26.19 percent from US\$ 3,547.7 million to US\$ 4,476.8 million in the same period. Indonesia's non-oil/non-gas exports are expected to meet the target for 1983 already set at US\$ 4.9 billion, in view of the fact that the exports reached the highest record of US\$ 525.5 million (provisional figure) in December last year. [Text] [Jakarta BUSINESS NEWS in English 14 Mar 84 p 9]

IMPORTS INCREASING--Jakarta--Data collected by BPS (Central Bureau of Statistics) show that Indonesia's overall imports rose from US\$ 13,272.1 million in 1981 to US\$ 16,858.9 million in 1982 and went up further to US\$ 18,170.2 million last year. Indonesia's imports from other Asean countries grew up almost double from US\$ 1,702.1 million in 1981 to US\$ 3,301.6 million in 1982. The provisional data show that Indonesia's imports from Asean stood at US\$ 4,546.2 million last year. From Japan, Indonesia's imports have shown fluctuations. The imports were up from US\$ 3,989 million in 1981 to US\$ 4,278.5 million in 1982 and according to the temporary data slightly fell to US\$ 4,119.4 million in 1983. The imports of goods from the other Asian countries also increased to US\$ 2,451.5 million in 1982 from US\$ 1,986.1 million in 1981 and went up again to US\$ 2,794.2 million in 1983. US exports to Indonesia (Indonesia's imports from the US) also continued to grow up, recorded at US\$ 2,563.3 million last year from US\$ 2,417.2 million in 1982 and US\$ 1,794.7 million in 1981. Indonesia's imports from Australia rose to US\$ 440.8 million last year from US\$ 364.6 million in 1982 and US\$ 362.1 million in 1981; whereas from the European Economic Community (EEC), Indonesia's imports increased from US\$ 2,200 million in 1981 to US\$ 2,654.7 million in 1982 but declined to US\$ 2,334.8 million in 1983. From non-EEC countries, Indonesia's imports increased to US\$ 787.6 million in 1983 from US\$ 66.2 million in 1982 and US\$ 411.7 million in 1981. [Text] [Jakarta BUSINESS NEWS in English 16 Mar 84 p 6]

SHIPBUILDING INDUSTRY CAPACITY INCREASING--Jakarta--The Secretary General of Iperindo (Indonesian Association of Shipbuilding Companies), Wasono, disclosed here recently that shipbuilding companies in Indonesia had been able to serve orders for the building of large sized vessels. Much progress has been made in the development of the shipbuilding industry in Indonesia, Wasono pointed out. He admitted, however, that the production of ships by local shipbuilding yards could meet only around 20 to 30 percent of the need for vessels in the country. By implementing a crash program, the government will increase the capacity of the shipbuilding yards in the country by more than 550,000 Dwt. As part of the effort to support the development of the shipbuilding industry in the country, the Industry Department will give orders to local dockyards for the building of five vessels of 7,500 Dwt each for the transport of fertilizer produced by PT Pusri, a state-run fertilizer industrial company. [Text] [Jakarta BUSINESS NEWS in English 16 Mar 84 p 9]

WORKERS TO BE SENT ABROAD--Jakarta--The sending of Indonesian workers constitutes part of the efforts to reduce the burden of the government to create job opportunities in the country for at least 9.3 million job seekers in Pelita IV, Manpower Minister Sudomo said here recently, when he opened an occupational training centre belonging to Barfo Mahdi Ltd., a manpower supplier company dealing with the sending of workers to Saudi Arabia. Sudomo pointed out that the involvement of Indonesian workers in working contracts abroad would create foreign exchange earnings, increase the experience of Indonesian workers and step up friendship with other countries, besides overcoming unemployment problem. The government has set the target of the number of workers to be sent abroad in 1984/85 at 40,000 to 50,000 to create foreign exchange earnings amounting to around US\$ 200 million. [Text] [Jakarta BUSINESS NEWS in English 16 Mar 84 p 10]

ARTICLE WELCOMES KPL-VNA-SPK CONFERENCE

BK191422 Vientiane Domestic Service in Lao 0000 GMT 19 Mar 84

["Article": "New Step of Cooperation of Three Fraternal News Agencies"]

[Text] The conference of the directors general of the news agencies of Laos, Vietnam, and Kampuchea, which was held 9-14 March in Vientiane, marked another important event once again reaffirming the unification and fraternity of the three parties and states in the ideological and political field and in the information service for domestic and international consumers, aimed at enhancing the revolutionary struggle, peace, and friendship in Southeast Asia and the world.

The cooperation of the three fraternal news agencies--KPL, VNA and SPK--conforms to the objective need of the present era. This conference was held in accordance with the spirit of the first Indochinese summit conference and the conference of the chairmen of the propaganda and training boards of the Central Committees of the three fraternal parties--the LPRP, the CPV, and the KPRP. It was aimed at strengthening and enhancing the special solidarity and all-round cooperation among the three countries and increasing the work efficiency of the three news agencies, thus becoming the parties' sharp tools in the political and ideological field.

At present, the world situation has become very complicated and serious because the imperialists, led by U.S. imperialism, have colluded with the Beijing reactionary clique--the agent of expansionism and hegemonism--and other reactionary forces to carry out a multifaceted war of sabotage against the revolutions in the three Indochinese countries by placing emphasis on psychological warfare through their huge propaganda machines with a view to winning the ideological war and undermining the solidarity of the three countries, misleading the peoples in these countries into discrediting and losing faith in the revolutions and the new regimes, and distorting the truth through various forms and fabrications. They have distorted the goodwill of the three Indochinese countries in trying to resolve the conflicts in Southeast Asia and turn this region into a zone of peace, stability and cooperation. They have incited the ASEAN countries to adopt a policy of confrontation against the Indochinese countries, and are now intensifying their slanderous propaganda against the three Indochinese countries to undermine the new favorable atmosphere and emerging positive trend in Southeast Asia.

In face of this development, the three news agencies--which are the sharp tool of the three parties in the ideological and political struggle--must reflect the parties' attitudes and fight against all schemes of psychological warfare of the enemies by exposing their reactionary nature and giving support and encouragement to all struggles for peace and friendship in Southeast Asia and the world. Thus, the strengthening of the cooperation in various fields between the three fraternal news agencies--KPL, VNA and SPK--and the Soviet news agencies and those of the fraternal socialist countries is extremely necessary in opposing the distortion and propaganda campaigns of the enemies and in preserving peace, friendship and cooperation in this region.

The first conference of the three news agencies of Laos, Vietnam and Kampuchea in Vientiane unanimously studied and agreed on the orientations of tasks and the detailed plan for cooperation in the information service sphere. Their cooperation is vital not only for the new revolutionary situations in Laos, Vietnam, and Kampuchea but also for encouraging the struggle for peace and friendship in Southeast Asia and the world.

The success of the conference of the three news agencies clearly shows that the special solidarity, militant alliance, great friendship, and all-round cooperation of the three countries have been qualitatively further strengthened one more step, especially in the news dissemination campaign with a view to increasing combat efficiency, promptly thwarting the slanderous propaganda of the enemy, and promoting peace, friendship, mutual understanding and mutual cooperation among the peoples in this region.

CSO: 4206/109

## BUDDHIST BONZE HIGH SCHOOL SET UP IN CHAMPASSAK

BK211121 Vientiane Domestic Service in Lao 1200 GMT 19 Mar 84

["Feature": "First Buddhist Bonze Senior High School of Champassak Province"]

[Text] In the revolutionary period of advancing toward socialism, educational and cultural work is the key to ushering in science and technology for socialist transformation and construction. Buddhist education in Champassak Province is also part of this work. During the 1982-83 school year, there were 515 elementary and 595 secondary Buddhist Bonze pupils in 47 elementary and 13 secondary Buddhist schools in the province.

According to Reverend Pha Maha Sisai, representative of the provincial Buddhist association and the provincial education service, during the 1983-84 school year, the Champassak provincial branch of the Lao Unified Buddhist Association, with the cooperation of the administrative committees at all levels in the province, established the first Buddhist Bonze senior high school [Hong Hian Oudom Suksa Song] in the province at Wat Louang Temple in Pakse District. The school is operated by nine staff members, including three office workers, and is composed of the classes: Senior Class A and Senior Class B. Six specialized teachers and a number of teachers for social and natural sciences are commissioned to teach 60 Buddhist Bonze students. Fourteen subjects are taught at the school, including geography, history, political affairs, English, Pali, applied Buddhist teachings, writing composition, history of literature, Lao grammar, (?critique), material science, geometry, mathematics, chemistry and biology. On average, a teacher has a teaching workload of 32 hours a week for 14 subjects.

Reverend Pha Maha Thong, chairman of all boards of directors of Buddhist Bonze schools throughout the country, said that Buddhist Bonze educational and cultural work over the past 7 years has received consistent support from an been consistently sponsored by the party and administrative committees at all levels in all provinces. As a result, the number of schools for Buddhist monks has increased considerably in recent years. At present, there are four Buddhist Bonze senior high schools throughout the country: in Vientiane, Sayaboury, Savannakhet, and Champassak Provinces. There are also two Buddhist Bonze teachers training schools: the elementary teachers training school of Luang Prabang Province and the secondary teachers training school of Vientiane Province. Compared with the Buddhist Bonze educational system of the old reigme, the present Buddhist Bonze educational work is much better. During the 1983-84 school year, the association plans to train some advanced Buddhist Bonze teachers

by sending 10 monks who have completed their study at the intermediate Buddhist Bonze teachers training school to receive further training at the Dong Dok teachers training college. Of these, five will become teachers of natural science, and the rest will become social science teachers. Only those monks with good qualifications will be selected to continue their study at this college. This is because the association always wishes to strictly maintain its discipline and regulations.

CSO: 4206/109



## FISHERMAN CLAIMS UNIDENTIFIED SUBMARINE SNARED

Auckland THE NEW ZEALAND HERALD in English 23 Mar 84 p 1

[Text]

**A Gisborne fisherman is adamant that he snared a submarine in his trawler's net, although spokesmen from the United States, the Soviet Union and Australia say that it could not be one of theirs.**

It has not been established if Mr Tom Sinel, the skipper of the trawler Kaiti, caught a submarine or a whale.

But Mr Sinel, a former Navy man, insists that he knows the difference and that it was a submarine.

The Kaiti was trawling in calm seas off East Cape when Mr Sinel felt the boat lurch.

He threw the engine out of gear and stepped out of the wheelhouse in time to see all 1200 metres of rope, boards and net lift out of the water at right angles to the boat.

### Turbulence

The entire assembly, weighing some four tonnes, had risen from 140 fathoms in 20 to 30 seconds, he said.

Through binoculars, Mr Sinel saw a "huge, dark object" creating turbulence just below the surface.

He said he saw, from about 1200 metres, the snorkel of a submarine breaking the surface.

The ropes attaching the net to the trawler went taut and snapped, as the object

disappeared beneath the sea.

When the crew pulled in the ropes, which were 40-millimetre in diameter, they found they had been wrested apart.

As the Kaiti steamed towards Gisborne about 10 minutes later, the object came close to the surface again, said Mr Sinel.

There was a great deal of turbulence on the surface for about 30 seconds.

Mr Sinel said he did not believe the object was a whale because, in the calm conditions, there was none of the blowing normally associated with whales in the area.

There are two submarines from overseas navies in New Zealand waters — the USS Queenfish and the HMAS Orion.

However, spokesmen from both the United States Embassy and the Australian High Commission said their submarines were nowhere near East Cape when the Kaiti's undersea problems occurred.

Mr Sinel said he thought he saw a submarine snorkel, but the nuclear-

powered Queenfish — which visits Auckland today — does not need to use a snorkel to replenish its batteries, as do conventional submarines.

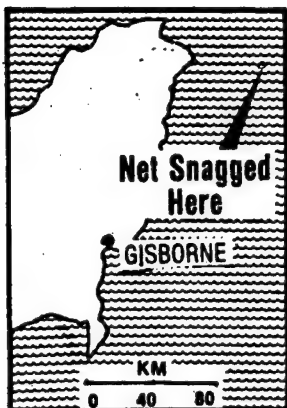
### Positive

The Australian Orion is a conventional submarine, but a spokesman from the Australian High Commission said it arrived at Whangarei about 4 pm yesterday and had not been near East Cape.

A spokesman from the Soviet Embassy said: "I can positively say that there is no Soviet submarine in the vicinity of New Zealand."

However, Mr Sinel's belief that he had snared a submarine was strengthened when he saw two United States warships in the same area on Tuesday — four days after the incident.

The ships were probably the USS Whipple and the USS Schofield, which are accompanying the Queenfish to Auckland and then to sea for anti-submarine exercises with the New Zealand and Australian Navies.



Yesterday, Mr Sinel said he saw the hydrographic survey ship the RNZN Monowai steaming at full speed towards the area.

It stopped, he said, in the exact position where he had netted the object a week before.

### Notification

The Ministry of Defence said the Monowai was not in the area at the time claimed by Mr Sinel.

The Gisborne harbour-master, Captain Roger Dunn, said he heard of the incident from Mr Sinel, but did not report the matter to authorities because he did not regard it as a formal notification of a problem.

The director of public relations at the Ministry of Defence, Wing Commander G. T. Clarke, said the only reports the Ministry had had of the incident were received yesterday — a week after the event.

There had been no formal notification from anyone about the matter and the only report had come in the form of an inquiry from a Gisborne newspaper, he said.

The ministry had not acted on that report.

"You are talking of something which happened about seven days ago when a fisherman snagged his net and thought he saw something at a distance," said Wing Commander Clarke.

### Warships

To begin a search now would be like looking for a needle in a haystack, he said.

The two United States warships had passed the spot en route to Auckland, but the Monowai was not in the area claimed on the day stated by the fisherman.

CSO: 4200/668

# UNION LEADERS THREATEN STRIKES OVER PAY INCREASE

Wellington THE EVENING POST in English 26 Mar 84 p 3

[Text]

**A protest wave of industrial action is threatened by union heads in the wake of Friday's \$8 wage increase, but there could be some resistance to it from within the workforce.**

Unions are anticipating being able to lead their members in protest stoppages, wildcat strikes, go-slows and other forms of action from next week.

The Auckland Trades Council and up to 1000 union delegates today were to set the flarepath for disruption they will expect their members to follow.

Federation of Labour president, Mr Jim Knox, was to be in Auckland to give guidance.

The Wellington Trades Council meets similarly tomorrow, again with Mr Knox in attendance.

The Joint Council of Labour, comprising the FoL national executive, the Leader of the Labour Party, Mr Lange, deputy leader Mr Geoff Palmer, president Mr Jim Anderton, and secretary Mr John Wybrow, also meet in Wellington tomorrow over the \$8 order.

That is to be followed up by a separate meeting of the FoL national executive.

Northern trade unions, say from the Bay of Plenty into metropolitan Auckland, are likely to get a wider response from their members than are unions elsewhere in the country.

Whatever might be undertaken in Wellington will likely be more irritative than disruptive. Some union heads said quite positively today that they had no intention of taking a trades council clarion call for action out to their troops.

"I will get the message if members of my unions want action, but I am hearing nothing," a secretary representing a diverse group of unions said.

Some opinion is that workers today were be-

coming increasingly reluctant to sacrifice earnings for the sake of protest. A discernible and achievable goal would be needed for workers to be brought out on to the streets.

Union heads say they are noting that their members are more politically conscious than they were even a year ago. They accept that workers are aware that Friday's \$8 was the end of pay rises for as long as the wage freeze lasts, and that could be for at least another 12 months.

There was reluctant acceptance that the pay freeze was virtually inviolable, and that for as long as it existed employers were prohibited from paying more than award rates plus the \$8, and no relief was possible from the Arbitration Court.

Employer organisations consider that only a few, if

any, smaller employers of labour could be tempted to break the wage freeze and buy peace in their workshops by making under-the-table payments to their workers. Prospective penalties could make employers cautious about boosting payments.

The president of the New Zealand Chambers of Commerce, Mr Peter Wakelin, said in a statement today that the size of the increase was not the key issue, and any increase matched by an equal or greater level of productivity would be both affordable and justified.

The present system failed to address itself to the need to recognise achievers and initiators, said Mr Wakelin. Positive assessment of staff responsibility and performance, and the legal right to link pay with performance was at present missing, he said.

# TRADE UNION WEAKNESSES POSE PROBLEMS FOR LABOR PARTY

Wellington THE EVENING POST in English 27 Mar 84 p 4

[Article by Tony Garnier in "Tony Garnier's Weekwatch" column: "Painful Lesson for the Unions"]

[Text]

## Losers can't be choosers.

That is the painful lesson which trade union leaders are going to learn in the next few weeks.

Nor are they the only ones; the biggest loser will be the Labour Party whose long reign as the dominant opposition force in Parliament looks set to continue past the next election.

The weak position of the trade union leadership has three causes.

The leaders have failed to lead. They have not squarely faced up to the big structural changes which have taken place elsewhere within society during the past 20 years.

Unlike many other nations, they have not put in place a suitably modern system of organisation capable of helping industrial relations in today's sophisticated and interdependent society.

Instead, the trade union movement seems to be in increasing disarray, fragmentation and disorganisation.

Second, the power base of trade union lead-

ers has been eroded; they have been unable to unite trade unionists against common enemies — the freeze and voluntary unionism. This inability to unite the grassroots will again let the leadership down in the coming campaign against the \$8 wage order.

The third reason, however, is the most important.

The Labour Party leadership has gradually lost all influence with the trade union movement, but the public perception is otherwise.

Most voters will blame the Labour Party if the militants in the trade union movement force disruptive industrial action in a bid to break the wage freeze in the coming months.

These are not matters worthy of individual blame but they are troublesome facts of recent history.

In my opinion Labour will have trouble winning the election regardless of the industrial climate on polling day.

However, by planning industrial action on the \$8 wage order trade union

leaders have presented the National Party and Government with a handy alibi. Labour's job will be much harder.

Nor are trade union leaders personally to blame, with perhaps a couple of exceptions, for they have not been in proper control for a long time and are not in control now.

As for the Labour Party, it has gradually changed its ideology and composition, but not its image. It continues to gamble on trade union loyalty but keeps losing to "Rob's Mob."

That is, the controversy shaping up over the \$8 wage order which is making the headlines at the moment seems to me to be but a symptom of a more serious and chronic condition.

And because of the nature of this condition, it is a controversy which the Government cannot lose, especially if dragged out to be an election issue.

## Policy

First, the disarray in the trade union movement was underlined

when the Federation of Labour changed its wage policy line last month by deciding to demand an April 1 wage order instead of a negotiated round.

Where previously it could have put some of the blame for lack of progress in reforming the wage fixing system on to the Government, the change of tactics exposed weaknesses in the FoL leadership to public gaze. It must now take a share, perhaps the lion's share, of the responsibility for the slow progress.

Second, the longer it takes to reach agreement on a new wage fixing system, the more likely it becomes that the Government will legislate its own solution.

And why not? It has achieved success with legislation on voluntary unionism. Many New Zealanders are becoming impatient at the lack of a proper wage fixing system. They would support a government seen to be getting on with the job, especially if they saw something that was fair and reasonable (even if trade union leaders didn't see it that way).

My belief is that the Government will promise to impose a new long-term wage fixing system from April 1 next year, if agreement isn't reached in the next few months.

Even though various options on long-term wage fixing are being worked on now, I suspect the Government will put one of them up as an election promise rather than act this year.

All the clues to date suggest a Government-imposed structure will stipulate that wage bargaining be tied to productivity (and not inflation, as in the past) to ensure wage rates are fair but within the real growth index of the economy and not just tagged to inflation rates.

The new system will also be structured to stop flow-ons from one award to the next, regardless of different business, employment and production conditions.

Here, then, is a real way in which industrial relations could become a big issue at the election, and which will likely draw support to the Government from voters wanting to get back to

free-bargaining conditions. Or, putting it another way, the trade union movement will remain out-manoeuvred by such a promise, as it was out-flanked on voluntary unionism. Electorally, Labour will be the loser.

Unluckily for the trade union movement (and Labour), there is no easy way for its leadership to shrug off these recent disappointments to come back stronger than before. A cleanout of the stables, and possibly new stables is the scale of change that will be needed for any improvement.

Yet it is amazing after all its recent setbacks that the leadership has not bothered to quicken the search for a new wage-fixing system, for it is the main hope, surely, to reduce government intervention, and, presumably, this is what the FoL wants.

• Tony Garnier is the "Post's" chief political reporter

## 'THINK BIG' PROJECT COST HIKES SEEN MINIMAL

Wellington THE EVENING POST in English 29 Mar 84 p 3

[Text]

All but one of the major energy projects had shown only minimal cost increases, the Minister of Energy, Mr Birch, said today.

In a statement declaring that he wanted to set the record straight on project costs, he said the exception was the Marsden Point oil refinery expansion, where costs had gone up by 27 percent, or \$349 million.

"As far as the methanol plant at Waitara is concerned, the final construction cost was \$248 million — only 4 percent greater than the originally budgeted cost of \$238 million," he said.

## Kapuni

"The Kapuni ammonia urea plant had a budgeted cost of \$80 million when construction started, and the final construction cost was \$97 million. However, \$8 million of this increase was due to currency fluctuations. Most of the rest was due to changed plant specifications."

Mr Birch said the Think Big projects had been attacked from all quarters, including opposition political parties and pressure groups.

"They are saving, or will save us, millions of dollars in foreign exchange. They are already earning us millions of dollars in exports."

"Our new refinery will lessen our vulnerability to overseas oil disruptions and our dependence on the more expensive fuels, because we

will be able to import cheaper oils and refine them ourselves.

"The synthetic petrol plant will produce a third of our petrol needs when it is in full production in a year and a half.

"That petrol, plus our own condensate from our oil and gas drilling programme, as well as alternative fuels of cng, lpg and biogas, are all lifting our self-sufficiency in liquid fuels to 60 percent by 1986, compared with 10 percent five years ago.

"Our gas fields will mean more than \$1 billion in foreign exchange earnings and savings for New Zealand by 1987.

"New Zealand cannot help but benefit from these and other projects like the Tiwai Point smelter and New Zealand Steel," Mr Birch said.

## Confusion

He said that because of constant criticism and the use of misleading information, it was easy for the public to have become confused about the projects.

"Changing concepts of the projects, differing dollar values and other factors have not made it any easier for the public to get a proper grasp of what is happening," he said.

Discussing the oil refinery, Mr Birch said critics had claimed the cost had increased by five times, from an initial \$350 million to the present government figure of \$1650 million.

Some critics had said its costs

would reach \$2700 million or even more than \$3 billion.

The minister said the 1979 quote of \$350 million was for a less sophisticated refinery than that now being built.

## Hydrocracker

"As a result of the decision to go ahead with the synthetic petrol plant, the refinery configuration was changed from incorporating a 'cat-cracker' to incorporating a 'hydrocracker.'

"Although a more expensive refinery, its greater flexibility provided greater security and more closely matched our future energy requirements," he said.

"The addition of the refinery-to-Auckland pipeline, and other initial and starting up costs, brought the total budgeted cost to \$1035 million in 1981 dollars.

"It was on the basis of a project cost of \$1035 million 1981 dollars that the Government reassessed and approved the project. This figure was the basis on which the refinery project was committed.

"If the \$1035 million is converted to money-of-the-day terms — that is, the total cost spread over the construction period — then the cost quote would be \$1301 million.

"The only real increase in the refinery's cost are increases above the \$1301 million. To date the increase in costs is \$349 million," Mr Birch said.

# GROSS DOMESTIC PRODUCT FALLS

Christchurch THE PRESS in English 30 Mar 84 p 4

[Text]

PA Wellington

New Zealand's gross domestic product dropped 0.2 per cent in the 1982-83 financial year, figures from the Statistics Department show.

Labour's finance spokesman, Mr Roger Douglas, said the figures released by the department yesterday showed enormous swings from boom to bust, with no clear trend of sustained growth.

The only clear growth areas in the economy had been overseas debt, the Government deficit, and unemployment, he said.

The changes in gross domestic product were: 1978-79, 0.0 per cent; 1979-80, 2.6 per cent; 1980-81, 0.6 per cent; 1981-82, 4.1 per cent; and 1982-83, -2 per cent.

Mr Douglas said that when population growth was allowed for the growth in living standards as measured by per capita income had been abysmal, particularly in relation to other countries.

"Since 1975 real gross domestic product has grown only 0.9 per cent," he said.

"The population has grown 0.6 per cent giving a meagre 0.3 per cent increase each year in living standards.

"Government policies have pushed resources into low-productivity uses, such as speculation. To deal with the resulting high inflation and low growth, the Government has cut real wages through the freeze. Sixty per cent of wage and salary earners are worse off compared with the position two years earlier. Top earners have been made much better off.

The Minister of Statistics, Mr Falloon, said that while the projection for 1982-83 indicated world trade went down 2 per cent, the New Zealand economy had declined only 0.2 per cent.

Growth in gross domestic product for the period 1977-78 to 1982-83 was more than 7.3 per cent with current estimates of the increase from 1983-84 running at more than 1.5 per cent, he said.

Certain industries had had consistently high growth levels, "with some hiccoughs and are capable of providing worth-while investment profits with the more stable economic climate at the moment, with interest rates falling and inflation at lower levels than our trading partners," Mr Falloon said.

## DEPUTY PRIME MINISTER DEFENDS ANZUS ROLE

Wellington THE EVENING POST in English 28 Mar 84 p 20

[Text]

The Deputy Prime Minister and Minister of Justice, Mr McLay, has rejected what he calls the "half-way house" argument put forward by some people over New Zealand's involvement in the Anzus alliance.

In a speech entitled "Nuclear arms — my view" at Wellington Cathedral yesterday, Mr McLay repeated his firm support for the Anzus treaty.

"In recent years a half-way house argument has developed; a belief that we can belong to an alliance but retain the right to considerable dissent, we can remain in Anzus but still say 'no' to nuclear-powered ships, or can unilaterally declare a nuclear-free zone that ignored international law regarding rights of passage on the high seas."

But New Zealand's commitment to a treaty could not be taken seriously if it denied port access to nearly half the naval ships of the largest treaty partner, Mr McLay said.

"A half-way house is at best a half-hearted commitment."

## Advantage

Mr McLay said that one of the advantages of New Zealand's treaty alliance was that the country had a credible voice in one of the camps.

"That is a real advantage."

New Zealand's treaty alignments gave the country a credible voice in one of the great camps. That voice had been heard in the past, and New Zealand's strong plea for a test ban and non-proliferation measures would continue to be heard in the future.

## Survival

Mr McLay said the New Zealand Government had consistently opposed all nuclear testing and believed that the very survival of mankind was threatened by the existence of nuclear weapons and the continuing arms race.

And removing that threat of world war — a nuclear war — was the most acute and urgent task of the present day.

Mr McLay said the New Zealand Government's policy must be evolved and be capable of working in a

real world where the principal responsibility for the arms race lay with the five acknowledged nuclear weapon states, and in particular the two super-powers.

New Zealand's foreign policy was essentially directed towards three regions, the South Pacific, the wider Pacific Basin and South-east Asia.

The South Pacific still had some political instability and many mini-Pacific states lacked significant economic strength.

Independent and authoritative publications confirmed that since 1969, Russia had dramatically extended its military reach into the Pacific well beyond its traditional waters into areas dominated by the United States.

The stated aim of Admiral Sergei Gorshkov, the architect of the modern Russian Navy, was to build a navy capable of determining the main direction of a war and selecting the time and place and method of delivering the decisive blow, he said.



"It is for this reason I have clearly and firmly stated my belief in and support of Anzus."

Mr McLay said some argued that because they saw no immediate threat to New Zealand's security, it could safely withdraw from Anzus.

"But we cannot assume that there will be no threat in future and it would certainly be difficult to regain admission to a treaty if such a threat emerged."

Ultimately a treaty had value as a deterrent; a potential aggressor had to consider the possibility of United States intervention in the event of an attack on an ally.

CSO: 4200/668

PUBLIC CONFERENCE PLANNED TO VIEW ANZUS ROLE

Wellington THE EVENING POST in English 30 Mar 84 p 4

[Text]

When the Anzus Council meets in Wellington in the middle of this year, it will find it has been pre-empted by a big public conference, says Mr Owen Wilkes.

Mr Wilkes is spokesman for the Beyond Anzus organising committee which is putting together what is expected to be the biggest public conference to look at New Zealand defence and security matters since the Peace, Power and Politics in Asia conference in 1968.

The focus of that conference was the South East Asia Treaty Organisation and New Zealand's involvement in Vietnam.

"We will be focusing on the role New Zealand and Australia play in supporting US objectives in the Pacific, and what alternatives to this subservient sort of foreign policy there might be," he said.

Mr Wilkes says he has evidence from a Congressional statement made in 1982 by the chairman of the US joint chiefs of staff, General David Jones, that the United States values the Anzus alliance because it provides support for US objectives as far away as South-east Asia, South-west Asia, the Indian Ocean and the Arabian Gulf.

"It is election year and we feel it is significant that only one party still supports maintaining the status quo with regard to Anzus," Mr Wilkes said.

The conference will be held at the Wellington Town Hall from June 16 to 18.

CSO: 4200/668

UNION TO REASSESS FOL AFFILIATION, CITES POLICY DISSATISFACTION

Wellington THE EVENING POST in English 29 Mar 84 p 3

[Article by John Parker]

[Text]

**TAUPO, Today.** — A secret postal ballot as soon as possible on continued affiliation with the Federation of Labour is to be conducted by the 11,000-strong Electrical and Electronics Workers' Union.

That was the unanimous decision after one and a half hours of discussion behind closed doors this morning by the union's annual conference in Taupo.

The union's national secretary, Mr Tony Neary, said after the discussion that all the conference had authorised him to say was that the decision was generated by a groundswell of membership opinion, which surfaced with a petition in 1983 for a ballot on continued links with the FoL.

The conference last year, however, shelved the question for 12 months in order that the Federation of Labour's performance could further be assessed, by the members of its union.

While it has not been stated openly by the conference, it is known that there is extreme disquiet and dissatisfaction among delegates at the trends of FoL policy in recent years.

There also is undoubtedly an opinion held that the FoL is becoming increasingly dominated by communist elements in the trade union movement, and that is seen to be having an effect on FoL policy which many unionists hold to be detrimental.

### Others too?

It is expected that if the electrical workers opt to cut their ties with the FoL in the secret ballot, other unions could follow suit.

Disaffiliation was known to be discussed by the massive 65,000-strong Engineers' Union at its recent conference, but action by that union was withheld.

The significant aspect about this morning's decision is that it was taken unanimously. That indicates that delegates who last year advocated caution have now been convinced that action is justified.

Questioned, Mr Neary said the conference resolution to conduct the ballot as soon as possible meant that the result of it would be known before the end of June.

## UNION HEADQUARTERS BOMBING PROMPTS CONCERN

### Labor Party, Unions Comment

Auckland THE NEW ZEALAND HERALD in English 28 Mar 84 p 1

[Text] The trade union movement was stunned last night by a bomb attack on the Wellington trade union headquarters which left one man dead.

An explosion, described by police as "intense," ripped through the foyer of the old Wellington Trades Hall building in Vivian St in central Wellington just before 5.30 pm.

The man killed was the building's caretaker. He was Mr Ernie Abbott, a union life member.

Mr Abbott is believed to have picked up a suitcase on the ground floor seconds before the explosion.

The Leader of the Labour Party, Mr Lange, branded the attack as murder directed at trade unionists.

And the Prime Minister, Sir Robert Muldoon, said he was disturbed at the explosion.

Police were baffled late last night as to both the type of "incendiary device" and the possible motive.

They would confirm only that one man was killed in the blast, which blew out both the sturdy front and back doors of the building. One witness said the explosion shifted a parked car several feet sideways.

Yesterday was a day of top-level union activity in the capital and many local union officials, clearly shaken by the incident, pointed out that on any normal day more unionists could easily have been killed or injured.

### Speculation

At the time of the blast the Wellington Trades Council--many members of which have their offices in the Trades hall--was meeting half a mile away in the new Labour Party headquarters.

Only hours earlier the Joint Council of Labour--comprising Labour Party and Federation of Labour chiefs--also met several miles away in the new FOL headquarters in Lukes Lane.

There was plenty of speculation in political and trade union circles after the attack, with some people suggesting the motive was to disrupt well-publicised meetings to discuss retaliatory action over the general wage order, or to injure unionists attending.

Some unionists insisted that many people were unaware that the FOL had shifted out of the old Trades Hall to its new headquarters, even though the move took place several years ago.

But Wellington unionists thought the attack could have been a reaction to a wildcat strike by some Wellington City Corporation bus drivers on Monday afternoon, which severely disrupted peak-hour services for several hours.

Detective Inspector Colin Lines, who is in charge of the inquiry, said police were investigating a report that a suitcase was left in a passageway in the building during the day. It is understood the case was near the ground floor office of the Wellington Tramways Union.

However, Mr Lines could not confirm this was the main lead in the inquiry.

Detectives late last night were pouring over the extensively wrecked foyer for clues and appealed for witnesses to come forward.

Mr Lines virtually ruled out a gas leak as the cause of the explosion.

"We are looking at gas leaks, perhaps, but there is no suggestion of that," he said.

"We are looking at all the possibilities but obviously we are looking at the possibility too that it is some kind of incendiary device. That is the main one we would be looking at."

Trade unionists said the blast could not possibly have been caused by gas, as the supply had been turned off for the summer.

Although the police were reluctant to discuss possible motives, many unionists seemed convinced it was the result of what they describe as "confrontationist" tactics between the Government and the unions.

The secretary of the Wellington Trades Council, Mr Graeme Clarke, said: "This is the result of the kind of feeling being generated, which has been building up over the last few years against the unions.

"Working people and the organisations are being increasingly attacked by people in authority," he added.

"It must lead people to ask the question about where this country is headed."

## Tragedy

The president of the Auckland Trades Council, Mr G. H. Andersen, said that if the explosion was a bomb, there would be a strong reaction from trade unionists.

The secretary of the Northern Local Government Officers' Union, Mr K. M. Tuxford, said last night that it was a tragedy for New Zealand that such an incident had occurred.

He attributed the explosion of the "lunatic fringe," and said people holding trade union positions were always vulnerable because of the sensitive nature of their work.

Internal guerilla warfare, he said, was something he would not wish upon his worst enemy, and he hoped further such incidents would not occur in New Zealand.

### 'Anti-Union Hostility' Cited

Auckland THE NEW ZEALAND HERALD in English 29 Mar 84 p 1

[Excerpts] The size of the fatal bomb blast at the Wellington Trades Hall is frustrating the police search for clues.

The hall caretaker, Mr Ernie Abbott, aged 63, died in the explosion on Tuesday afternoon.

Mr Abbott was vice-president of the Cleaners and Caretakers' Union for many years, and was made a life member of the union the day before his death.

### 'Deranged'

The national secretary of the union and president of the Wellington Trades Council, Mr P. J. Kelly, called for demonstrations of "outrage" over the explosion.

The Prime Minister, Sir Robert Muldoon, said there was every indication the bomber was deranged or an extremist, but he warned against jumping to conclusions.

Sir Robert described as "unwarranted and unfortunate" claims by the Leader of the Opposition, Mr Lange, that the bombing was an unsurprising escalation of hate in New Zealand.

The Prime Minister said it would be most unfortunate if trade unionists took the view that the Government had built up a climate of hatred against them.

"Obviously there will be a wave of sympathy for those who have been involved, and of course for the man who was killed. But I think at this stage we should be careful about jumping to any kind of conclusion about why this happened.

"If you go back to similar incidents, one thing that goes through them all is extremism to the point of mental unbalance. Normally that is the case when in this country you get this kind of thing."

A joint statement from the president of the Federation of Labour, Mr W. J. Knox, and Mr Kelly called on all trade unionists and concerned members of the public "to show their respect to the memory of Ernie Abbott and the principles of trade unionism that he stood for."

'Attack'

A memorial service for Mr Abbott would probably be held next Tuesday, they said.

Mr Knox and Mr Kelly said: "We believe this despicable action was not aimed at Mr Abbott, but rather should be seen by working people as an attack on the trade union movement.

"It is the result of an attitude towards political and social life in New Zealand that has developed since the mid-1970s."

The Public Service Association went further in comments issued by its vice-president, Mr Ian Pask, yesterday.

He charged that the Minister of Labour, Mr Bolger, was "a prime architect of the anti-union hostility in New Zealand in recent times."

Mr Bolger described the PSA's criticism of him as "extravagant and unhelpful."

He said he had conveyed his sympathy to Mr Knox yesterday morning about "what clearly was an outrageous act."--Wellington Bureau, NZPA.

CSO: 4200/668

MINDANAO CIVIL-MILITARY RELATIONS PROJECTS REPORTED

Davao City PEOPLE'S DAILY FORUM in English 26 Mar 84 p 4

[Article: "'The Other War'--AFP Love Operations"]

[Text]

Tagum, Davao del Norte (11th CRISG, PACRIS) — It was noon and the sun's blistering heat pricked beneath our skin but how come the air is damp and its damn cold outside? One will surely look incongruous wearing sunglasses against the strong heat and at the same time hugging close your sweater against cold air. And it seems that masters of the sun and wind were trying to outwit each other for completely dominating the atmosphere with heat or cold, confusing new comers of the weather?

Well, that is the biting weather of Barrio Paloc, a small place of San Mariano, Davao del Norte, where 700 families lived, commuting to the busy town of Tagum to sell coffee, their chief source of income.

Barrio Paloc, soon to rise and become a regular barangay is about 1,300 meter above sea level and is surrounded by mountain ranges, perennial trees and breath-taking hot springs. Just 52 kilometers away from the town of Tagum, transportation is dearth, bringing one to conclude why this place has been under developed and rarely visited by health services and other extension services for that matter.

But not Col. Teodoro R. Fa-

celo, Task Group Panther Commander who immediately directed Maj. Ramon P. Bongo, AC/S G-5, First Scout Ranger Regiment, to coordinate with concerned leaders of the place and initiate security to pave way for development.

The Army's "other war" is manifested in countryside development which poses not only as a counter-insurgency measures to win the trust and confidence of the civilian populace and bring the dissidents back to the folds of law, but also as a measure of relating and working with them in this major task of nation-building.

Initial step undertaken by Maj. Hongo to concretize his plan and program was to coordinate with Mando Yanong of Maragusan, Barangay Captain Masungali Comania, a native Mansaka, Atty. Prospero P. Dajalos, Engr. Alphonse A. Guillermo of North Davao Mining Corporation and several other responsible man whom Maj. Hongo had gathered to materialize his plans for the benefit of progress in Barangay Paloc, San Mariano Municipality.

In fact, the elementary school building in Barangay Paloc has been initially built to add three rooms where barangay folks themselves help



in the construction as North Davao Mining had magnanimously donated cements and hollow blocks, with extreme eagerness and heartfelt satisfaction from within because alas a planned High-School level will now push elementary graduates to higher education.

Not only that, several tangible projects ironed out to further elevate satisfaction and meet the basic needs of the barrio folks by Maj. Hongo are the installation of water system, the construction of baranggay market, public comfort room, basketball court and board to enhance recreation facilities, waiting sheds and public utility vehicle terminal.

It is for this effect that the Army's love for the masses is reflected and that they do not only engage in the battlefield but also in the "other war" which is the constant down-pour of "Love Operations" — through countryside development, showering through the people's heart in Baranggay Paloc.

It is the Army's commendable act and innovative approach that the spirit of Provincial Health Officers and Municipal members incharged of cedula have been doused of, ultimately going far and wide, joining hands with the military to stretch their duties to these people.

In response, the people too have bank their utmost cooperation, trust and confidence to Maj. Hongo and the "C" Coy of the 1st Ranger Battalion under Capt. Reynaldo Gonzales stationed at Baranggay Paloc who is also responsible in the neutralization campaign for peace and order in the community.

A massive pulong-pulong was called to inform the barrio people about the mutual sincerity and genuine coordination promised to extend by Maj. Hongo and community leaders to them. In a promising dialogue that ensued, Mai. Celso A. Undag, 11th CRISG, PACRIS Commander, had a chance to encourage the people about the serious project undertaken by Col. Facelo through Maj. Hongo and that they should help one another for the betterment of the entire community. He also cautioned the people against this drive of communism whose organized mass action in the baranggay is a basic communist strategy used by the so-called New People's Army. The communists are taking advantage of Filipino hospitality and "pakikisama" in order to survive. "They are parasites who depend on the baranggay residents for shelter, security and sustenance," Undag further revealed. Moreso, because of the Army's dual role as vanguard of security and catalyst for development — the NPA communism is finally loosing its grip because the people have finally awakend and come to adhere to our government for good. As a native of Baranggay Paloc once exclaimed, "pasalamat lang gyud mi sa army, labaw na sa Rangers, (We are very thankful to the Army most specially the Scout Rangers)—PACRIS

DAVAO DEL SUR PROVINCIAL CHAIRMAN ASSASSINATED

Davao City PEOPLE'S DAILY FORUM in English 28 Mar 84 pp 1, 8

[Article by Max Robles and Mike Uy]

[Text] The provincial chairman of PDP-LABAN in Davao del Sur was shot dead Monday night in Digos, Davao del Sur by two unidentified gunmen before the victim's horrified wife and 11-year-old son.

The slain political leader, Salvador B. Dumogho, was also a college director, baranggay chairman of Zone 2 in Digos and a reserve officer of the army at the time of his death.

The victim was walking towards his home on Roxas Street, Digos from the house of his brother-in-law when two men, both armed, met him and shot him dead on the spot.

Dumogho's relatives, who were also at the house of his brother-in-law's house, rushed out of the place moments after hearing the shot in an apparent attempt to help the victim.

The gunmen, however, fled with two other companions after the killing. Almost simultaneously, the victim's wife and his son, Salvador IV, shouted for help.

It will be recalled that Dumogho ran for the Digos mayoralty in 1980. He was also picked as one of the country's Ten Outstanding Policemen of the Philippines (TOPP) in 1969. At the time of his death, he was a director for student services in the Holy Cross College of Digos and campaign manager for Atty. Dodo Cagas, candidate for the Batasan under the PDP-LABAN in Davao del Sur.

Dumogho was killed about 100 meters away from the site where former Mayor Nonito Llanos, Jr. was slain in 1982.

Cagas, in a statement yesterday, said of the victim:

"Baranggay Captain Salvador B. Dumogho was the provincial chairman of PDP-Laban of Davao del Sur to which party I belong.

"He was the municipal coordinator for Digos of the United Opposition of Davao del Sur. He was my campaign manager for Digos.

"I condemn the system that breeds and promotes hatred among men, I condemn that system that leads Filipino to kill their brother Filipinos.

"I want the truth: Who killed Major Salvador B. Dumogho? And why?

"My family and I mourn his death. The people of Digos mourn his death."

CSO: 4200/664

PHILIPPINES

GOOD CAGAYAN DE ORO CIVIL-MILITARY RELATIONS FOUND 'QUEER'

Davao City PEOPLE'S DAILY FORUM in English 28 Mar 84 p 7

[Article by Aurelio A. Pena in the "Window Shopping" column: "Something Queer About Military in Cagayan"]

[Text] Cagayan de Oro City--There is something very queer about the image of the military in this city.

Despite its being an opposition country, the military here seems to be well-liked by the people. I have yet to see the military here being maligned, feared, and even hated by the civilian populace the way one is used to in Davao City.

It is very common to see around here soldiers in complete uniform, completely unarmed, walking side-by-side with civilians in the city. I'm so used to seeing soldiers in Davao carrying heavy armalites, grenades, bullet packs, roaming around with suspicious eyes in populated areas and main downtown area of Davao City, I find it very queer to see nothing of this sort here in Oro city.

Here, you'll find well-known businessmen, professionals and even opposition politicians, playing golf with majors and generals of the Armed Forces of the Philippines, either at the Camp Evangelista Golf Club or at Camp Phillips-Del Monte Country Golf Club. It was not surprising therefore to read Reuben Canoy's preference for the military to take over the government if Marcos steps out of Malacanang. Probably because of his so many friends in the military, Canoy would like to see the Philippines run by a military junta.

At well-known hotels here like the Hotel Mindanao or the VIP Hotel, military officers mingle freely with businessmen and professionals over bottles of beer, hard liquor, amidst the soft strains of music. Soldiers of the lesser ranks can be found also freely mingling with cine-goers in some of the more popular movie-houses here at Apolinar Velez street.

Of course, there were incidents in the past, like the gun-fight between police and a soldier running amuck with a blazing armalite. But that was a long time ago. The latest incident was the shooting down of two policemen at the Divisoria where one was killed, but during the chase after the gunmen,

pursuing cops were able to kill one of the killers, who turned out to be a hunted NPA Sparrow Unit from, you guess it right, Davao City.

"Salvaging" here is taken matter-of-factly by the military especially when hardened criminals are involved. During one drinking session I overheard one military officer say, "Ah, wala na'y kawatan dinha sa kampo! Gidakup namo, gi-buhi-an, ug gi-salvage na lang para wala na'y problema," and the civilian friends around him laughed. Then, one of the civilians in the group asked the officer, "Pare, kelan tayo makaka-practice firing?" The officer said, "Sa linggo na lang. Basta magdala kayo sariling bala nyo."

Right now, it seems, the biggest problem of Cagayan de Oro is not the NPA, peace and order, or "salvaging." They're more worried about child prostitutes increasing in numbers in this city...

CSO: 4200/664

MACAPAGAL ON PRESIDENT'S 'ACCUSATIONS' OF BOYCOTT, SUBVERSIVE LINKS

Manila BULLETIN TODAY in English 30 Mar 84 p 17

[Text] Former President Diosdado Macapagal rejected yesterday President Marcos' accusations linking boycott leaders with subversives as "the concoction of a leader running scared" and denied that he ever as President or at any other time engaged in "arming warring rebel factions in Central Luzon" which he branded as "ridiculous."

The former Chief Executive threw back the accusation at President Marcos, saying it was the latter, "who has strengthened the NPA from about 300 armed men in Isabela to close to 200,000 now all over the country resulting from the disgust of the people against his prolonged dictatorial rule which drives them to the side of the Communists."

The boycott movement espoused by the Liberal Party and its associates is "a non-violent and non-Communist but militant mass protest against continued authoritarianism on the part of peaceful citizens who are strongly for democracy and want it now restored but which cannot be done through manipulated elections designed to perpetuate the Marcos despotic rule," he said.

"The people should not forget," Macapagal added, "that the coming election will be held under conditions which have rendered inoperative any effective opposition, leaving the party in power literally with absolute liberty to do with the electoral process as it pleases. This was the lesson of the past registration days."

"Also," he said, "the Luneta rally of the KBL showed that the regime will spare neither money nor goons to overwhelm the opposition at the polls, it being a mindless show of the type of politicking that characterized the old society which Marcos claims to have replaced with his new society."

"Luneta the other day demonstrated that the old and familiar vices of pre-martial law politics are not only present, but present today in a very magnified degree," Macapagal emphasized.

The former President pointed out that the nation has been betrayed, not by the opposition, but by the Marcos regime which has been in absolute power since 1972 and "his demagoguery cannot obscure the fact that it is the KBL

that must explain the conditions in the country, its bankruptcy, its poverty and the rampant graft and corruption, all of which have destroyed the moral fabric of the nation."

"Betrayal of the national interest is precisely the one distinguished hallmark of the regime's record and actuation--betrayal in favor of the IMF; betrayal in favor of the World Bank; betrayal in favor of the US government and its military bases; betrayal in favor of Japanese and other foreign interests."

CSO: 4200/663

BUSINESS EDITOR: NO IMMEDIATE SUCCESSOR TO SORIANO

Manila BULLETIN TODAY in English 30 Mar 84 p 26

[Article by Bernardino Ronguillo: "Who Will Succeed Andy Soriano at San Miguel?"]

[Text] The outpouring of sympathy for Adres Soriano, Jr. who died in Madrid, Spain Sunday last week has been unprecedented in the history of the local business community. This was demonstrated by the number of obituary notices placed by several firms, organizations, and individuals in the Manila newspapers alone expressing sorrow for his demise and condolences to his family.

No other business leader had probably received as much attention upon his death. This reflects not only the extent of his and his organization's interests in this country but the impact that his style of leadership has made on the local business world and the national economy.

For "Mr. Andy," as the 17,000 employees and workers in his organization would fondly call him, headed not just the biggest food manufacturing corporation in the Philippines but the largest complex of business organizations which include mining, paper manufacturing, banking, trading and agri-business.

Like his father who used to be addressed "Don Andres" by friends and colleagues as well as employees during his time, Andy was a truly corporate man. Like his father, he promoted the corporate concept or the public ownership of major business organizations as one of the best means to promote what is otherwise known as people's capitalism and build the economy as well as establish strong and viable enterprises.

San Miguel was already the largest privately-run and broadly-based public corporation during Don Andres' time. It has remained as such and has continued to grow until now. The oil crisis, however, which inflated oil prices, enabled the government-owned Philippine National Oil Co. and the multinational petroleum companies to surpass San Miguel in sales.

But San Miguel has retained its No. 1 position as a corporate taxpayer as well as a profit-making company: its net income is the biggest among the top 1,000 corporations--P400 million in 1983 vs. P311 million in 1982; taxes paid to the government P1.6 billion last year vs. P1.27 billion the previous year.



The some 19,000 stockholders of the company shared only around P150 million of San Miguel earnings in the form of cash dividends, while some 17,000 employees and workers took about P600 million in wages, salaries, and benefits.

Imagine, if there were 100 more San Miguels--the government would be collecting over P100 billion more in taxes. In fact, only 10 more such corporate giants would be enough to cover the government's budgetary deficit.

The question now being asked in business circles is: Who is going to succeed Andy Soriano? Nobody among the members of the corporate family would dare speculate at this time. However, the two vice chairmen--Andres Soriano III for international operations and Ambassador Eduardo Cojuangco Jr. for domestic operations--have been mentioned as logical successors.

Andres has been with the company for some time and has had sufficient experience and training to inherit the mantle of corporate leadership. Cojuangco, a relatively new member of the policy making board, for his part has been quoted as saying he prefers to leave the operation of San Miguel to the professional management corps.

For the thousands of stockholders who have been happy with the professional manner the corporation has been run all these years, it is their hope that for the present at least, and perhaps for some time to come, the management would remain in professional hands.

CSO: 4200/663

AGRARIAN REFORM MINISTRY GRANTS 233 FARMERS TITLE UNDER PD 27

Manila BULLETIN TODAY in English 30 Mar 84 p 34

[Text]

The Ministry of Agrarian Reform (MAR) has resolved the long-standing dispute between farmers and the landowner-corporation of Hacienda San Miguel in Tabaco, Albay.

Minister Conrado F. Estrella issued an order declaring portions of the island-ranch covered by land transfer pursuant to Presidential Decree No. 27 and declaring 233 farmers entitled to their original landholdings.

The MAR decision confirmed the relocation of 111 other farmers to the northern portion of the hacienda they have previously agreed upon with the

owner, the Agricultural Management and Development Corp. (Amadcor), as relocation site.

The MAR order resolving the conflict between the farmers and Amadcor was issued following recommendations by MAR's regional office in Legaspi City.

Reports reaching MAR, however, indicate that Amadcor has appealed the MAR order with the Office of the President. In view of the appeal, Amadcor and farmers representatives have been invited to a conference at the MAR central office on April 3.

Of the 233 farmer-beneficiaries affected,

46 who are residing in sitio Malictay objected to their relocation to the North Barrio of the hacienda in consonance with an agreement of landowner and farmers and in line with the livelihood program of the government.

The 76 farmers, who fled their farms and temporarily sought refuge in the island of Cagraray, were declared farmers-beneficiaries and ordered to return to their farmholdings.

The 111 farmer-beneficiaries, who had agreed to be relocated by the company, will remain in the relocation area.

CSO: 4200/663

MANILA POLICE COLUMNIST ON BUNGLED DOLLAR SMUGGLING

Manila BULLETIN TODAY in English 30 Mar 84 p 40

[Article by Ramon Tulfo: "The \$ Bungle"]

[Text]

**T**HE owner of a big department store chain who has strong Palace connections was behind the attempt to smuggle out last Sunday \$470,000 through the Manila International Airport. The green bucks were contained in two suitcases which were to have been taken aboard a Cathay Pacific jetliner when government agents seized them. The seizure was a result of bungled coordination between a Malacañang Girl Friday named Fe and the office of MIA General Manager Luis Tabuena.

The owner of the dollars had asked Fe's help — as in previous occasions, our unimpeachable MIA sources tell us — in facilitating the unimpeded passage of the dollars through MIA customs.

Fe got a Chinese matron, Chen Chang Kwan Woo, to act as courier. The Chinese woman, a Hong Kong resident, had been used by Fe and her group in the past in taking out dollars owned by government big wigs or their friends.

Because of Fe's position, she could easily ask Tabuena's boys to escort smuggled dollars into an aircraft. There is a tacit agreement among various government employees at the MIA not to touch persons under the protective wing of a MIA insider. For example, customs agents will not check the luggage of a passenger being escorted by a member of say, Tabuena's staff.

But this was not the case that Sunday. Customs agents did not recognize

Tabuena's man who was escorting the Chinese matron into the aircraft. Our sources differ on this score, though. Another version says some airport guys were not given their share of "representation" money as is the normal procedure among MIA crooks in cases like this.

Millions of dollars are taken out of the country via the MIA through the airport's "escort" services.

\* \* \*

The big crowd at the rally of the proclamation of the Kilusang Bagong Lipunan (KBL) candidates in Metro Manila could be compared to herded cattle. It was made up of Metro Aides — that's why you did not see a single Aide that day — and local government employees whose attendance was checked at the rally site, and unemployed persons picked by their barangay captains.

Some people we interviewed said they attended on a promise of money, food and drinks at the rally site, and free transportation to and from the Rizal Park. Each barangay councilman, we have learned, was asked to get 20 people in his community to attend the rally. And how many barangays are there in Metro Manila? The minimum amount paid per "participant" was ₱20, the maximum, ₱50.

We hope this cheap political gimmickry does not extend over to May 14, election day.

PHILIPPINES

VER CONSIDERS DEVELOPING LOCALLY INVENTED SUBMACHINEGUN

Davao City PEOPLE'S DAILY FORUM in English 26 Mar 84 p 3

[Text] A 55-year-old mechanic has invented a handy .30 cal. sub-machinegun out of scrap and discarded materials.

It took more than one year for Anastacio S. Galozo to design and perfect his invention which he dubs as the AG-55 assault rifle. The name of the weapon was taken from the combination of the initials and CE of the inventor.

Galozo said the rifle is so light, weighing only seven pounds, including the magazine containing 30 rounds.

The weapon was designed for commando assault operations that even women soldiers can handily carry it, Galozo said.

Galozo's prototype AG-55 assault rifle was presented as gift to AFP chief of staff Gen. Fabian C. Ver by Navy Capt. Ernesto Arzaga, chief of the AFP logistics command (LOGCOM), last Thursday.

The gun's inventor works at the research and development division at LOGCOM in Camp Aguinaldo.

So impressed was Gen. Ver when the weapon was presented to him that he ordered Capt. Arzaga and Col. Pelayo Juan, commander of the LOGCOM maintenance depot, to make feasibility study for possible mass production of the AG-55 sub-machinegun for the AFP's use.

Galozo told Gen. Ver that he made the weapon from junked vehicles at LOGCOM.

The AG-55 is so deadly and accurate that it can fire 350 rounds per minute with an effective combat range of 150 yards and a maximum range of about 500 yards. Its length is 20 inches. It can be loaded with a 30-round magazine. The weapon is so well crafted that it can pass as an imported one.

Galozo said he devoted most of his free time in perfecting the weapon.

He said he thought of making a firearm when he saw a heap of junks from vehicles being thrown away.

As a mechanic specializing on heavy duty trucks, he said he knew exactly how to select portions of the vehicles that can be useful.

FURTHER REPORTAGE ON DAVAO KBL, BIR, PRIVATE SECTOR MEETING

BIR Official Clarifies Meeting

Davao City PEOPLE'S DAILY FORUM in English 25 Mar 84 pp 1, 9

[Article by Vic N. Sumalinog]

[Text] A ranking official of the Bureau of Internal Revenue (BIR) in region 11 clarified the other night newspaper reports that among those "herded" for "secret" meetings by KBL regional chairman Antonio Floirendo in his Tadeco and Marapangi clubhouses are the staff of his bureau.

The official at the same time admitted that the BIR indeed had a conference in the Floirendo clubhouse last March 12 but the conference has nothing to do with the coming Batasan elections.

In a telephone conversation early Friday night Pedro Ocampo, Revenue District Officer of BIR district 88 in Tagum and brother of Davao del Sur governor Primo Ocampo, said the meeting which was held at the Tadeco clubhouse last March 12 was not on invitation of Floirendo.

According to Ocampo the meeting was one of those regular staff meetings of the BIR which was attended by senior officers of the Bureau in region 11.

He said those who were at the meeting included BIR regional director Alfonso Camillo, the different revenue district officers and other members of the regional staff.

Ocampo claimed that the regional KBL chairman was not around during the said conference, and that no politics was involved nor discussed during the said affair.

The BIR official also said, the holding of the meeting in the Floirendo clubhouse was one way of "recognizing big taxpayers" and that it was also one way of "changing atmosphere" after a hectic tax drive launched by the bureau.

The BIR district officer of Tagum also told the FORUM he had talked with Davao provincial board member Rolly Marcial who was one of those identified to have questioned the "propriety" of such meetings.

Ocampo said Marcial denied to him having cast aspersion on the legality of the BIR meeting in a Floirendo territory.

#### COMELEC Sees Nothing Wrong

Davao City PEOPLE'S DAILY FORUM in English 25 Mar 84 pp 1, 9

[Text] Commission on elections Regional Director Resurreccion Borra said yesterday he saw nothing wrong in the reported meeting held at the Marapangi clubhouse of KBL chairman for Region 11 Antonio Floirendo, even as he said that almost all regional offices were represented in the meeting.

Reacting to an earlier report that the meeting was "secret," Borra said that could not have been possible, since the main agenda showed that main issues were tackled during the conference.

The issues, he said, involved the government's "Sariling Sikap" program, peace and order, and registration for the elections.

He said that as president of the regional association of government offices in Davao, the presence of all regional heads was even necessary.

It was Regional Director Linda Ampatuan of the civil service commission who had not received the invitation to the Marapangi conference because he was out of Davao when the invitation was issued.

"But during the meeting, I was present, not only as head of the regional group of national offices, but likewise as regional director of the commission on elections (COMELEC)."

He said the COMELEC director should always attend meetings involving voting and registration.

Borra also admitted that he had met opposition leader Rolly Marcial at the COMELEC regional office late last week for about an hour, but did not disclose the nature of their meeting.

"My office is open to anyone from any political party, and I am giving all equal treatment when it comes to election matters," Borra said.

"I repeat," Borra said, "there was no herding of regional directors by Mr. Floirendo."

CSO: 4200/663

HEAVY DAVAO REGISTRATION SIGNALS BOYCOTT FAILURE

Davao City PEOPLE'S DAILY FORUM in English 25 Mar 84 p 2

[Editorial: "A Good Sign"]

[Text] Yesterday's registration of voters was heavy by all standards. Earlier fears that few people would turn out to enlist for the May 14 elections and all other subsequent elections proved to be without any basis after all.

The heavy turnout, considered beyond initial expectations, is a clear indication that the boycott movement is slowly dying out in favor of full participation by those who are against the national leadership. The various opposition groups, by their collective act of registering for the elections, have more than convinced the rest of the country that they are willing to do their share in the move for national reconciliation.

The people themselves are taking part now in political exercises. Their decision to participate in the elections will go a long way in promoting national unity.

CSO: 4200/664

DAVAO REPORTS 'FLYING VOTERS' INCIDENT

Davao City PEOPLE'S DAILY FORUM in English 26 Mar 84 pp 1, 6

[Article by Jun Atillo]

[Text] Indicators that fraud may again be used in the forthcoming Batasan polls surfaced the other day and yesterday when a person who identified himself as an "engineer" recruited about seven PUJ loads of people from the Quezon Boulevard-Trading area in Davao City reportedly to be registered in different voting centers in Davao del Sur.

The illegal activity which would result to several flying voters during election time was disclosed by one person and other witnesses who refused to be identified for security reason.

The witnesses claimed they were among those who were approached by the said engineer to go with him and register in Sta. Cruz and other precincts in that area.

According to one of the informants, the "recruiter" promised them free snacks, meals, transportation, and the amount of P100 per person who will go with him and register in designated places.

The same informant who claimed he did not agree to register in that far away place alleged that the engineer was able to gather about seven PUJ loads of prospective flying voters from the Quezon Boulevard area.

The engineer was to have picked up those who are "interested" to accept his "invitation" to register in Davao del Sur at the Boy Scout area yesterday morning.

So far, no official complaint on such cases has been lodged with the Comelec regional office.

CSO: 4200/664



## PHILIPPINES

### BRIEFS

NO BOYCOTT CENTER IN DAVAO--There will be no boycott center in Davao, unlike Manila and the rest of the country. This was made clear yesterday by Konsumo Davao through its spokesman, Menchie Avancena, in a statement to People's Daily Forum, even as she said that the decision had been reached in order that the opposition could attend to more important work relevant to the May 14 elections. [Text] [Davao City PEOPLE'S DAILY FORUM in English 28 Mar 84 p 1]

MUSLIMS LAUD MARCOS ACTION--Muslims from Mindanao led by Ex-Mayor Dagaranao Bagul hailed yesterday the release by President Marcos of funds to pay the claims for financial relief civilians who suffered during military operations. Bagul said people who have been suffering from the troubled situation in Mindanao to the extent of losing property and life are grateful to the President for his action. "This will go a long way in proving the sincerity of the government and the concern of the national leadership for the common people," Bagul said. Bagul also requested the President to order that the processing of claims for financial relief now in the office of the chief of staff be expedited. [Text] [Manila BULLETIN TODAY in English 10 Apr 84 p 5]

CSO: 4200/664

## INTERNATIONAL RELATIONS, TRADE AND AID

### WORKERS GAIN TRAINING, EXPERIENCE IN SIBERIAN TEXTILE PLANT

Moscow SOVETSKAYA ROSSIYA in Russian 18 Mar 84 p 5

[Article by B. Sinyavskiy: "Siberians From Vietnam"]

[Excerpts] Bicycles were parked on the floor of the hostel. There were many of them. They were everywhere -- in the corridor, on the staircase, and in the rooms. One would think that they were preparing here for a large journey -- a super bicycle race. Everything was explained simply -- the floor had been turned over to young workers from Vietnam, and there, in that remote hot country, there is no more popular form of transportation than the bicycle.

They long ago became accustomed in Kemerovo to the fact that one could meet in a store, in a movie theater and simply on the streets a flock of short smiling girls whose speech is melodious like the murmuring of water. The young girls feel at home in the Siberian city. Yes, it is their home. You see, they came here not to pay a visit but to work. Pham Van Hong, who has managed to become imbued with a common love for his native enterprise during his less than three years here, conducted me around the shops of the Khimvolokno Production Association. He is the leader of a group of Vietnamese workers who came to Kemerovo in accordance with an international agreement.

Hong says: "This agreement is undoubtedly mutually beneficial. Socialist Vietnam is a growing and young country. We will have plants similar to the Khimvolokno Association and then the girls, who are now working in Kemerovo will form the basis of the collectives in these enterprises."

They are now working as members of standard brigades along with their Russian friends. Seven of the best production training experts have helped them to discover the secrets of a skill and then become a work collective teacher.

Pham Van Hong says: "Tutoring is a wonderful tradition in your country. There has not been a case where experienced specialists have not come to help a novice, be it a graduate of the city's vocational technical school or a young Vietnamese girl, in a difficult situation. We intentionally did not begin to form separate Vietnamese brigades: all of those, who have come, work with the local people -- at the same work positions and on the same equipment. In this way, skills are acquired easier and friendship becomes stronger".

The girls arrived in Kemerovo in two groups -- in July 1981 and in July 1982. For six months they were taught work skills and for three months -- the Russian language. When they had passed the rating examination that is mandatory for all workers in the association, they began to work independently on the most modern and technically complicated equipment. Their salary, just as that of everyone else, depends on output. More than 20 percent of it consists of bonus allowances (from the wage fund for the fulfillment and overfulfillment of a plan and from the material incentive fund for the mastery of new equipment). The group of Vietnamese workers has its own trade union which works in close contact with the association's trade union committee. On vacation, the young girls travel to the resort cities of the Soviet Union using passes from the chemical workers trade union obkom and the Komsomol oblast committee's Sputnik international youth tourism buro. Medical care is free and the polyclinic, which services the workers in Khimvolokno is at their service.

... This year, winter has grown lazy. It provided much more than the allotted fall; yes, and subsequently it did not hurry with frost and blizzards. It suddenly remembered only in the middle of January; and in return for it, it undertook the job seriously. Real Siberian freezing weather lasted for a month and a half. However, it is warm in the hostel. Bicycles bloom against the wall with the unusual colors of a fan, awaiting the time when they will be used. Portable televisions, which have been purchased here in the stores of Kemerovo, are not idle; they are operating at full blast.

8802

CSO: 1807/166

## HEAVY INDUSTRY AND CONSTRUCTION

### PHA RUNG SHIPYARD PROJECT PLAGUED WITH DELAYS, COST OVERRUNS

Helsinki HELSINGIN SANOMAT in Finnish 24 Mar 84 p 29

[Article by Anna Paljakka: "Vietnam Shipyard Completion Meets Difficulties"]

[Text] Pha Rung--The light on the side of the transformer has gone out. Someone has decided that the shipyard project will receive electricity from the state network, but this did not happen.

A shipyard without electricity is not a shipyard, say the Finns in explaining the last 5 years. The carbide plant between the mountains throws out steam by means of electricity. Electricity is needed for welding as well as for the oxygen plant.

Over the weekend excess fuel oil from the Ketju-Pekka dredger was obtained for the living needs of the Finnish camp. A second dredger, Vietnamese, has vanished for dredging operations elsewhere and the dredging of the channel has not kept pace with developments elsewhere at the shipyard.

The electricity situation has not been this bad at Pha Rung in a couple years, say the Finns. Electricity has been available for only an hour in the last couple days.

#### Urgency in Rice Fields Also

However, after a week's time the Pha Rung dry dock, Finland's largest individual development aid project, should be ceremoniously christened in the presence of government ministers, and the work is not yet completed.

On the other hand, the central warehouse is being emptied and transformed into a ceremonial reception hall. The wall of the office building has been draped with a banner reading "Welcome the relation and cooperation between Vietnam and Finland" [sic].

The rice planting season is now at its height. All electricity is needed for the fields, and, in addition, all available manual labor.

It would just seem better if this were said straight out, say those responsible for the project. Now, instead, assurances are being made that everything

will be arranged and a piece of paper, a directive to distribute electricity to the shipyard, affixed with impressive stamps, is shown as proof.

#### Electricity A Problem for A Long Time

They say, a week's supply of fuel oil will arrive at the beginning of the week, they say.

The question of electricity will not be resolved until the two large power plants being constructed by the Soviet Union are completed within the next few years. The shipyard being built by Finland should already be in operation before then.

Junks with fin-like sails float down the river as in a dream. Gunboats rusting in the neighboring cove have caught the eyes of the shipyard project's critics. The Pha Rung port area is strategically important. From time to time there have been suspicions of an attack coming from the China Sea.

Pha Rung, however, has been built as a dry dock for commercial ships.

#### Difficulties Were Not Anticipated

The preparations for the project have been long and diligent. Several Finnish delegations have travelled along the edge of the rice fields toward the fishing village and the gnarled rocks rising straight up out of the sea.

"There they understand planned development," confirmed a certain consulting committee sent by parliament in 1977. Nothing at that time provided any notion of the difficulties that would be encountered.

On the other side of the table as negotiators were the Vietnamese, who had won a seemingly impossible war by means of a purposeful submission to discipline. Those who came to Vietnam with development aid imagined that this same enthusiasm would now be harnessed to the reconstruction of Vietnam with an undiminishing zeal.

At that time very little was known about a society which functioned one step at a time from top to bottom according to the old hierarchical legacy, but never in a lateral direction.

Little was known of the fact that in accordance with local custom it is not proper to answer in the negative to a respected guest. Gradually, through the school of hard knocks it was learned to determine from the degree of enthusiasm in an affirmative answer whether a matter will be taken care of or not.

Vietnam's situation regarding its own readiness to make payments soon became clear. Subsequently, the situation changed completely when development aid promised from many quarters did not materialize while pleading the events in Kampuchea as an excuse.

## Work Force Changed in the Beginning

The work force was the first major problem. People suffering from war weariness did not have the strength to accomplish the tasks at hand with the expected energy.

The workers were not even professionally trained in their skills. Many of them held a saw and a hammer in their hands for the first time. The turnover was frequent especially in the beginning. Just about the time that one group was trained, it disappeared to apply its newly gained skills somewhere else. Development aid arrived, but the project did not advance.

It is said that the acquirement of a stable work force was that factor which spelled the commencement of progress at the work site. The fact that the parties learned to know each other also played an important role even though 5 years of experience in the thinking of an Eastern country is but only a twinkling of an eye.

The Finnish supervisor knew his Vietnamese workers by name. Absences were dealt with in a different manner.

A production bonus system turned out to be a rather effective drawing card. Decent bonuses were paid for good work. At the same time material incentives were adopted even elsewhere in Vietnamese society.

Each work group had a specific goal to accomplish, which was kept track of by graphs and curves.

In the opinion of the Finns the additional incentive compensated for the severe conditions. The temperature was 60° Centigrade all summer long at the bottom of the dry dock's trough. Even otherwise the weather fluctuates from one extreme to another. In the summer it is hot and the wind whips up the dust from the red earth. Winter's cold rains turn it into a quagmire. The final result at the job site is now a completed dry dock trough, 156 meters long and more than 26 meters wide. The site also includes a machine shop, an equipment pier, a central warehouse, a gas and electrical center, and a discharging berth.

## Vietnamese As Assistants

The intent is to put the shipyard into operation in phases and to begin from the simplest tasks.

Nevertheless, it is being said that the method in which the construction phase was handled can bring its own revenge. More Vietnamese were not included in this phase, but the pace was kept going by skilled Finnish workers with the Vietnamese acting primarily as assistants.

## Incomprehensible Condescension

Some who were involved in the project also witnessed a kind of condescending attitude that is not tolerated in this nationalistic society. It was not

always understood that a person weighing 50 kilos is not capable of the same kind of work as a person weighing 90 kilos. The same was demanded even when food was not provided.

It is particularly bad from the point of view of a development aid project to criticize the other party for the fact that it is not sufficiently developed.

The Finns are not capable of changing Vietnam, but they can provide new work concepts, say some. The work should be accomplished in the best way possible. No compromises should be allowed just because we are in a developing country.

At least we have not fallen into the same errors that certain other providers of development aid have fallen into in Vietnam. Projects were made too large and too sophisticated once the request was made. The trough was to be large enough that it can accommodate commercial ships except for a couple of the very biggest. The oxygen plant is considered to be state of the art, but less complex ones do not exist.

The problems with respect to the operational phase will be someone else's problems. Once the shipyard is completed the Finns should not begin to repair the ships themselves, say all those present at the site.

The organization will change on both sides. As far as the contract is concerned, the Finns are responsible for start-up planning and organization as well as the delivery of spare parts.

Losses and thefts are an issue which seems to be uppermost on the minds of many Finns.

Personal articles are stolen. This is an axiom in an environment in which some live in poverty and others seem to be wallowing in overabundance.

There have also been some relatively harmless and insignificant incidents of theft. A shipment of welding rods disappeared from the job site, and the following day they were being sold as knitting needles on the streets of the near-by town.

Then there is the kind of theft that is not understood, a theft that occurs at such a scale that there has to be a highly developed organization behind it.

Recently there have been disappearances of large amounts of cable and reinforced concrete mesh, which would require a crane and other heavy equipment in order to transport it.

Theft has increased dramatically as the construction phase comes to an end and as the Vietnamese accept responsibility for the operation of the shipyard.

The losses occur in the millions. On the other hand, in some other development projects the equipment rots and rusts and becomes unusable. In Vietnam

it has always found a use, albeit, as the result of someone's own development project and thus it has sabotaged the plans of the party providing development aid. The future operations of the shipyard decisively depend on whether the equipment procured for it will remain at the site, say the Finns.

In a decision the State Economic Auditing Office published appropriately just before the dedication of the shipyard it states that the example of other countries already should have indicated certain fundamental difficulties for the decisionmakers. It was decided to increase the number of Finnish personnel and in practice have them accomplish the work even before any other alternatives were even considered. All in all, the preparations for this project were poorly handled.

#### Billing Work Unfavorable

Construction consultant Vesto's activities turned into construction work occurring mostly as billing work in the opinion of the auditing office. This contract has turned out to be "quite unfavorable" to the state.

At the height of construction there were approximately 100 Finns at one time at Pha Rung. There are already several hundred Finnish Vietnam veterans. There has not even been time to keep precise figures on them in the project's office.

The busiest period was the approximately 3 years of the construction phase when basic construction work was primarily accomplished by skilled Finnish workers.

In the auditing report it states that the construction consultant's most frequent concern in addition to paying wages was the procurement of a labor force. Skilled workers, steel workers, welders, maintenance men, electricians, and plumbers were hired expressly for this project.

This project represented only one contract among many others for the firm. Very little consideration was given to the exceptional nature of the task: cooperation between governments in a country that is quite exceptional with respect to its circumstances.

The Finns arrived without any preparations for these circumstances. A few had some experience behind them with joint ventures elsewhere, in the Near East or the Soviet Union, others were on their very first trip to a foreign country.

The drive to Pha Rung began after a long flight.

The traffic as well as the barren landscape along the road are remembered by all as an awe-inspiring experience. "There was a mass of humanity," says one in describing his impressions.

An unfinished camp still awaited them at their destination. Work began in the morning.



Several families have already lived at the camp for a year. The parents of approximately 20 children have had to experience the bureaucracy that the establishment of a primary school can entail. However, several came to Pha Rung under an obligation to remain single. Families were discouraged from coming by appealing to the expense and the otherwise difficult conditions at the camp.

The attitude toward the occasional visitor in the village of Trang Kenh is friendly. Sometimes rocks are thrown, generally small rocks thrown by children.

### Two Marriages

Officially, any free association with the Vietnamese is prohibited for foreigners here as elsewhere in the country. The Finns are, of course, astonished by this. Friendships have, of course, developed at the job site and the work is conducted quite easily by means of a hybrid language.

As evidence of unofficial contacts two Finnish-Vietnamese marriages were contracted during the construction of the project after an impressive paper war and persistent persuading of officials.

As in other foreign projects, patriotism ran high at Pha Rung. A Finn does everything better than a Vietnamese. Generally in a spirit of friendship.

A camp paper, which has appeared for some time, attempted to point out that rice was cultivated in this country when Finland was still covered with ice, and people were attending universities when the Finns were still armed with clubs.

### Finnish Lifestyle

Life at the Finnish camp has settled into a routine over the many years. Everything is functioning. There is a swimming pool, a tennis court, an exercise room, a library, and a pub. School will resume again in the fall.

Today on Friday the kitchen is serving pork loin and on Saturday a potato-meat casserole. Authentic Finnish food is prepared from local products. Vietnamese cooks receive instructions in Finnish from the Finnish wives.

A turning point has now been reached in the staffing of Finnish personnel. Now there are less than 30 construction workers at the site. Approximately 20 new people have arrived for the start-up phase. Several have brought their families. Experiences are related. Newcomers received a week's orientation in Helsinki. They still say that the reality came as a positive experience. Those leaving figure that they still do not know what awaits them.

Naturally, no one has come here for altruistic reasons, particularly to incur a financial loss. After a year's stay wages are tax free. The workers here have been able to save the majority of their wages for reducing the terms of their home mortgages and for purchases on trips to Singapore, Hong Kong, or Bangkok.

Half of the project's expenditures according to current calculations have gone toward paying the salaries of Finnish experts and have thus significantly improved the financial situation of the Finns.

Last month the first ship was brought to the shipyard for repairs. High Vietnamese officials have come to Pha Rung to watch the videotape of this event. The word is spreading that the Finns know how to predict the future.

We saw the tape. A large ship draped with banners is guided into the shipyard in the morning twilight. The pier is covered with people, Vietnamese and the whole Finnish colony.

The dredging has not yet been completed -- a million cubic meters have been dredged and there is still 2 million cubic meters yet to be dredged. The arrival of the ship had to be timed with the tide at 5:30 am.

An excited exchange of words is heard from the tape. There are more than enough enthusiastic people issuing commands. A supervisor is replaced by a higher supervisor, who has grabbed a megaphone and only creates confusion. The Chuong Duong ship, which was named in honor of a battle waged with China, is in all the confusion about to run aground.

#### Repair of Bottom Unfinished

The bow of the large 130-meter long, 12,000-ton ship is finally directed between the two channels indicated by a guide stick and from there it is guided to the basin of the dry dock.

Half the time that the ship spent in the dry dock was as usual without electricity and the Chuong Duong was primarily treated with light. The needed repair of the bottom remained incomplete for this reason.

Sand blasting equipment was delivered to the shipyard, but suitable sand could not be found. There is no intent to ship sand all the way from Finland. Apparently, a sand treatment plant will be constructed in the vicinity of the shipyard.

The same solution that is generally used for heavy work in this country was also found for the cleaning of the badly rusted bottom of the ship. From somewhere a group of girls appeared to chip away the rust by hand.

There were many of them, but the work still took many days.

Job safety is the concern of the Vietnamese. For this emergency the Finns offered safety belts, which the women attached, not to themselves, but to the scaffolding on a plank 7--8 meters above the basin.

Preaching about systematic planning acquired a new credibility as the first docking of a ship took place and the need for training is now understood better than before. Enthusiasm was abundant, significantly more abundant than skills, say eyewitnesses.

The next ship will arrive at the shipyard appropriately in time for the dedication ceremony.

#### Vietnam's Commercial Ships Will Be Repaired at Pha Rung

Finland began constructing the Pha Rung dry dock at the request of the Vietnamese. It is believed that additional cooperation will be found in the area of maritime commerce. Now there is a desire to first see whether the project can be made operational.

The project sounded good at that time and still sounds good. Vietnam has a shoreline that is 3,260 kilometers long. Ports and equipment were destroyed by the war in the country's northern half. Until now Vietnam has had to repair its ships elsewhere and to pay out hard currency for this service.

#### Planned To Be Productive

Except for a couple of the very largest ships, Pha Rung will be capable of docking all of Vietnam's commercial ships. The aspiration was to plan the shipyard in such a way that it would be profitable, even capable of bringing in foreign currency.

The construction feasibility of the shipyard was clarified in the years 1973--78 when a project agreement was concluded between the two countries.

At that time Finland calculated its expenditures to be 78 million markkaa. It was estimated that Vietnam's share would be the same. According to the original agreement, the host country was to provide nearly all of the skilled labor force, energy, a large portion of the construction materials, transportation, and the construction of housing for the Finnish workers.

From the very beginning it was suspected that the cost estimate was made artificially small on the part of Finland. The selection of Vietnam as a target country caused confusion from one side to the other at the time. No preparations at all had been made for an increase in the level of expenditures or for any kind of delays.

The cost overruns have been great. The estimate in 1978 was 78 million markkaa, 123 million in 1980, and 154 million in 1981. The estimate at this time for expenditures to date is 185 million. Prices and transportation costs have increased and the project has been delayed by more than twice the originally estimated schedule.

#### Finland Not Deliberately Cheated

In addition to everything else, Finland's relative share has increased while Vietnam's capabilities of dealing with its own share were incorrectly estimated from the very beginning. The conditions were much more difficult than anyone could have imagined. Unexpected events, particularly Kampuchea, altered Vietnam's position even more.

Finland was not in any way cheated by Vietnam. The same kind of difficulties were encountered by other parties providing development aid in the East as well as the West, projects being, in general, larger than what was originally planned.

At a time when it appeared that the whole project was in danger of disintegrating it was decided to increase the Finnish contribution perceptibly with respect to experts as well as materials. Practically speaking, the Finns themselves built the shipyard, which is now ready for the most simple operations.

The forthcoming operational phase will definitively demonstrate whether the project is a success or not.

On the Finnish side TVH is responsible for the accomplishment of the project and has received first-hand experience in the exporting of projects under exceptional conditions.

The Devekon Company designed the shipyard and the Vesto Company acted as a construction consultant.

TVH will bear the prime responsibility even in the start-up phase and the contractors will be the Brennersit Company and the Horte Company.

10576

CSO: 3617/125

END